

## **BUSINESS PLAN GUIDELINES**

The following pages contain guidelines that are intended to help you develop and write a plan for your business. Your business plan is very important to your success. It represents your “road map” toward a successful venture.

This set of guidelines does not address every aspect of every possible business plan. You should consider more questions than those that are posed in each section – be sure to ask them – your success depends on the completeness of your planning process.

Each numbered section below (I, II, III, etc.) should be a page heading, while other underlined items will probably be one to three paragraphs long.

### **I      TITLE PAGE**

The Title Page should contain the following items, doubled spaced, horizontal centered, and positioned just above the center of the page:

**Business Name  
Business Address  
Business Telephone  
Owner’s Name(s)**

### **II      TABLE OF CONTENTS**

The Table of Contents should list the title of each section of the document and indicate the page number where each is located. It should also list specific support items (appendices) by name. This page will be done last, since it requires the entire document as input. It allows the reader to quickly locate specific sections.

### **III      BUSINESS CONCEPT or EXECUTIVE SUMMARY**

The Business Concept, or Executive Summary, should be a one-page explanation of what your business is, and its competitive advantage. Provide a clear description of the industry in which you are competing, and a precise explanation of your business’s unique qualities that set your venture apart from others who are competing for the same customers.

Your explanation should answer these questions:

- **In what general market does your business compete?**
- **What does your business do?**
- **What quality image will it have?**
- **In what price range will it compete?**
- **What volume of sales is expected?**
- **What customer needs are met?**
- **What makes it unique from the competition?**

**IV**     **MARKETING PLAN**

This section should contain a narrative description of the following five factors:

**A.     Industry Description and Outlook**

- 1) Describe your primary industry.
- 2) Describe the size of the industry.

Historically:

Currently:

- **What is the total expected market volume?**
- **What is the growth potential in five years? In ten years?**

- 3) Describe your industry characteristics and trends.

Historically:

Currently:

- **What benefits are sought by the market that your product/service will satisfy?**
- **Where in you industry is its life cycle?**
- **Future potential.**

- 4) Describe your customer base.

Consumers – It is important for you to develop a clear, mental picture of your ideal customer.

Describe your potential customers using the following factors:

- **Age**
- **Sex**
- **Income Level**
- **Education Level**
- **Geographic Location**
- **Occupational Area**
- **Leisure Interests**
- **Buying Habits**
- **Goals and Aspirations**

Business – If you intend to provide a product or service to another business, your description would include:

- **Type of business (service, retail, manufacturing, etc.)**
- **Size of business**
- **Priority placed on purchasing your product**
- **Projected image of the business**
- **Markets that the business services**
- **Trade publications read by the business**
- **Trade organizations memberships of the business**

**B. Competition**

A description of your competition should answer the following questions:

- **Who are you major competitors?**
- **Why are they successful?**
- **What substitutes are there for your product?**
- **What impact do these substitutes have on your sales?**
- **What distinctive difference separated you from your competitors?**
- **Why should customers leave your competitors to choose your product?**
- **What market share do you expect to get? Why?**

**C. Location Analysis**

Describe your business location and how it will enhance the sale of your product or service. Your description should answer the following questions:

- **What strategic advantages do you have at this location?**
- **Is there opportunity for expansion?**
- **What are the neighboring businesses?**
- **Do they complement/detract form yours?**
- **Are building renovations needed? Cost?**
- **What is the zoning classification?**
- **Is the neighborhood stable, changing, improving, deteriorating? How?**
- **How is customer access, parking, etc.?**

[NOTE: Include in the appendix a photograph of the building, a drawing of the immediate area showing road access and identity of adjoining businesses, and a drawing of the floor plan of your business.]

**D. Price Determination**

A description of the price structure for your product or service will answer the following questions:

- **What price will you set for your product?**
- **How does your price compare with the competition's?**
- **Why will customers pay your price?**
- **What image will be projected by this price?**
- **What special advantages do your customers get that are included in the price?**
- **Will you offer credit terms?**

**E. Marketing Approach**

A description of your marketing effort should answer the following questions:

- **What are the preliminary or test market results?**
- **How does your product or service satisfy your customers' needs and wants?**
- **How will your image be clearly and consistently conveyed to potential buyers?**
- **Which media are most suitable? Why?**
- **How will you evaluate the effectiveness of each advertising and promotional effort?**
- **How will a sales staff be used? Evaluated?**

**V. MANAGEMENT PLAN OR OPERATIONAL PLAN**

This section contains a description of who will run the business and how they will do it, including the following:

**A. Management Team**

Your description of how the business will be managed will answer the following questions:

- **What management background do you have?**
- **What is your business track record?**
- **How is the education and/or experience of key people related to this type of business?**
- **What legal form (corporation, partnership, proprietorship, etc.)?**
- **Who does what? Who reports to whom?**
- **What other resources (accountant, lawyer, etc.) will be used?**

[NOTE: Include in the appendix the resumes for key personnel.]

**B. Employee Relations**

Your description of your methods for hiring, training, and communicating with your staff will answer these questions:

- **What are your personnel needs now? In the future?**
- **What skills will be required?**
- **How will you go about hiring and training?**
- **What salary and benefits will be provided?**
- **How will you determine and communicate wage increases to employees?**
- **How will personnel policies be provided to your employees?**

**C. Operational Controls**

Your description of the kinds of management systems and how they will be used will answer these questions:

- **What is your production capacity?**
- **What operating advantages do you have? How will you capitalize on them?**
- **What elements are critical to your success? How will you make sure they are available?**
- **What will be key indicators of success?**
- **How will you monitor these factors?**
- **What hazards do you anticipate for your business? What protection and / or alternate plans do you have?**
- **What policies will you establish for the operation of your business?**

**VI. FINANCIAL PLAN**

A description of how your business will be financed and how you will maintain a sound financial condition will answer the following questions:

**A. Current Funding Requirements**

- **How much money will be needed for start-up?**
- **What will be the sources of start-up capital (debt, equity, etc.)?**
- **What business and personal assets will be pledged as collateral?**

**B. Use of Funds**

- **How will the money be spent (working capital, debt retirement, capital expenditures, acquisitions, etc.)?**
- **How will borrowed funds make your business more profitable?**

C. Long-Range Financial Strategies

- How will you liquidate your investors' position?
- What terms of repayment are feasible?
- What back-up plan will be used if repayment cannot be accomplished as planned?

D. Financial Statements

To support this section, several financial statements will be required, such as the following:

- Personal Financial Statement of Owner
- Business Start-Up Costs
- Pro Forma Cash Flow Analysis (expected)
- Balance Sheet (actual or proposed)
- Income Statement (actual or proposed)
- Capital Equipment List

[NOTE: Work sheets are provided for each of these statements.]

**VII. STRATEGIC PLAN**

It is very important to include a description of where you want your venture to be in the next few years and how you intend to move toward those goals. This strategic plan should focus on Years 2 through 5 and include descriptions of the following items:

- Strengths within your organization
- Weaknesses within your organization
- Opportunities available to you (and your competitors)
- Threats impeding you (and your competitors)

Using the preceding four factors, you should describe strategies that use your strengths to take advantage of opportunities and overcome threats; and strategies to reduce weaknesses and avoid threats to your business.

The strategies should identify intermediate goals (yearly) and the marketing, management, and financial resources that will be used to accomplish these goals.