

Comprehensive Business Plan

Community Futures Triple R

Section I

Business Overview

Business History: Briefly describe the history of your business. If you have an existing business, describe when and by whom the business was started. If the business is new highlight some of the reasons why you would like to start this specific business. Attach historical financial statements (three to five years), if buying an existing business.

Objectives: Describe what you would like the business to accomplish. These objectives should be short-term (1 to 5 years) goals of the business.

Company Objectives	Start Date	Completion Date
1		
2		
3		
4		
5		
6		

Ownership: What form of business is it? Indicate with an X.

- Sole Proprietorship Partnership Corporation

Owners: Who owns the business? Give the names of the owners of the businesses, their percentage of the ownership and their title or position.

Name	% Ownership	Title or Position

Location & Facilities: Where is the location of your business. You may wish to include the company address and description of your site, and the size of the facility as well as your equipment. Also include your lease agreement (if any).

Location Features: What features make this a good location for your business?

- Adequate Parking Easy Access Snow Removal Service
- Signage High Traffic Area Handicap Accessibility
- Other _____

Could you expand your facility if required? YES NO

Prepare visual aids to show location to outsiders.

It is often easier to describe your location to an outsider through use of maps, pictures and diagrams of the layout. Take pictures of your location and the businesses surrounding it. On a copy of a map of the area, indicate the location of your business and any major reference points. Draw an accurate diagram of your floor space. Show the location of equipment, furniture and fixtures.

Section II Products and Service

Description of the Products and Service: Briefly describe the products and/or service your business will be providing.

Suppliers: Who are your main suppliers for each product?

Name of Supplier	Location	Method of Transportation
A.		
B.		
C.		

Alternative Suppliers: Do you have alternative suppliers if your primary source is interrupted?

Name of Supplier	Location	Method of Transportation
A.		
B.		
C.		

Payment Terms: What are your potential suppliers' payment terms? Examples: COD, 30 days' credit, etc.

Name of Supplier	Credit Terms
A.	
B.	
C.	

Name of Alternative Supplier	Credit Terms
A.	
B.	
C.	

Key Features of the Product or Service: Why will customers choose to buy your product and/or service instead of another company's? What makes your product/service unique, and how does it differ from your competitors.

Production of Products and Service: Describe how your products and/or services will be produced. You may wish to include the resources (human and material) and the process involved in the production of your product and/or service.

Future Products and Services: Do you have any plans to update existing products or to offer new products and or/services in the next three to five years? If yes, please provide a brief description of what you plan to do.

New Product/Service	Date of Intro.	Purpose of New Product

Comparative Advantages in Production: Is there anything about your production capabilities that may give you advantage over your competition? For example, do you have specialized skills, new technology, access to cheaper materials, or low overhead costs?

Section III

Industry Overview

Market Research: When writing a business plan, it is important to have a good understanding of the industry in which you will operate. The term industry is used to define a group of businesses that supply related products or services. Discuss what research you did to write your business plan. For example, have you surveyed current and potential customers, reviewed research and statistics prepared by others, or spoken to people particularly knowledgeable about the industry.

Size of the Industry: How big is the industry your business will operate in? Size can be defined in many ways including sales, number of producers, and/or total employment. Be sure to highlight any statistics you have on how fast the industry is growing.

Key Market Segments: Who do the businesses within your industry sell products and/or services to? Divide the market into customer groups, highlighting the size of those groups. For example, markets can be grouped by type of customers, geography, or other characteristics.

Name of Competitor	Target Market (age, family)	Geographic Area	Average Income

Purchase Process and Buying Criteria: It is important to know how and why customers purchase products like yours. How important is price, quality, warranties and/or service support important in customer buying decisions? For this section it may be best to survey your target market, and place the results in this section.

Product Group	Reason for Decline

Section IV **Marketing Strategy**

Target Markets: In the last section you described the key market segments within your industry. Which of these customer groups or market segments will your business specifically target? Target markets are groups of potential customers, within the overall market, to whom a business wants to sell their products. You can define your target markets by type of customer and geographic location.

Description of Key Competitors: There will be other businesses or competitors who are also competing for these target markets. List your key competitors and provide a brief description of their business in terms of location, products and service, marketing strategies, and market position.

Competitor	Location	Product/Service	Market Strategies

Analysis of Competitive Position: Now we want to compare your business to your competitors. In what ways will you have an advantage over your competitors and in what ways will you be at a competitive disadvantage?

Competitors Name	Advantages	Disadvantages

Pricing Strategy: Pricing is one of the most important decisions a business can make. It is important to look at how much it costs you to produce your good and service; you want to make sure that your pricing strategy will enable you to make profit at least over the long term. How will the pricing of your products and services compare to that of your competitors.

Promotion Strategy: Having a good product or service is no guarantee of success. You have to make potential customers aware of your products and tell them how and where they can buy them. Describe how you will create awareness of your products and/or service.

Advertising: What forms of advertising will you use? Indicate with an x.

- | | | | |
|--------------------------------------|--------------------------------------|-------------------------------------|---|
| <input type="checkbox"/> News Paper | <input type="checkbox"/> Radio | <input type="checkbox"/> Television | <input type="checkbox"/> Flyers |
| <input type="checkbox"/> Signage | <input type="checkbox"/> Internet | <input type="checkbox"/> Posters | <input type="checkbox"/> Yellow Pages |
| <input type="checkbox"/> Magazines | <input type="checkbox"/> Trade Shows | <input type="checkbox"/> Billboards | <input type="checkbox"/> Business Cards |
| <input type="checkbox"/> Other _____ | | | |

Distribution Strategy: Discuss where your customers will be able to buy your products or service, and how will you provide customer service and after sale service.

Section V **Management & Staffing**

Organizational Structure: Describe the management and staffing structure of your business. Discuss how many employees you currently have and how many you expect to have over the next three years.

Management Team: List and give a brief description of each member of your management team, key functions, and relevant experience. Attach resumes for each member of the management team to the end of the business plan.

Name	Key Function	Experience

Staffing: Discuss how you will fill the key non-management jobs within your business. Highlight the qualifications and level of experience you will require, the wage rates and benefits you will pay, and what training you will provide.

Position	Qualifications/Experience	Training Provided	Wage

Labor Market Issues: Discuss any factors that could affect your ability to find, hire and keep employees.

Intellectual Property Protection: will patents, copyrights, and trademark; protect your products, service or processes? If so, please describe what is covered.

Section VI

Regulatory Issues

Regulatory Issues: What other regulatory issues could directly affect your operation? For example, are you in a regulated industry? Will your business require licenses or permits? What steps are you taking to address these issues?

Market Risks: Are there any events that could affect your customer's need or demand for your products and/or services during the term of the business plan? If yes, discuss how likely it is that these events will occur and what steps you will take to limit the impact should these events occur.

Other Risks: Discuss any other risks that could affect the operation of your business and how you will overcome them. Examples of other risks include changing economic conditions; the loss of key management personnel, new government regulations, the inability to obtain needed financing, a change in technology, a change in production process and lack of qualified management and staff.

Section VIII

Implementation Plan

Implementation Activities and Dates: When will the key activities and initiatives in your business plan be implemented and who will be responsible for their implementation?

Key Activities	Implementation Date	Responsibility

Supporting Documents:

In addition to your business plan, provide whatever supporting documents the lending institution may require.

Note: Provide copies of the documents; keep the originals in your records.

- Copy of Partnership Agreement Yes No
- Copy of Shareholders Agreement Yes No
- Copy of Joint Venture Agreement Yes No
- Copy of the Articles or Certificates of Incorporation Yes No
- Resumes for Key Management Positions Yes No
- Copy of Management Contract Yes No
- Detailed list of Existing and Proposed Equipment Yes No
- Evidence the Building Meets Licensing Codes Yes No
- Copy of the Land Lease Yes No
- Copy of the Accepted Offer to Purchase Yes No
- Firm Price Contracts for Equipment and/or Building Yes No
- Firm Price Contracts for Leasehold Improvements Yes No
- Firm Price Contracts and/or Quotes for Building Renovations Yes No
- Evidence your Cash Contribution is Available Yes No

- Personal Net Worth Statement Yes No
- Evidence that other Sources of Financing has been Approved Yes No
- Copy of Franchise Agreement Yes No
- Vendors Financial Statement for Last Three Years Yes No
- Copy of Diagram of the Floor Space Yes No
- Structure of the Business and Surrounding Businesses Yes No
- Insurance Quote Yes No
- Copy of Patents, Permits or other legal agreements Yes No
- Data Supporting Ability to meet Sales Goals, Customer Survey Yes No
- Price Schedule Yes No
- _____ Yes No
- _____ Yes No
- _____ Yes No
- _____ Yes No
- _____ Yes No
- _____ Yes No
- _____ Yes No

Financing Questions

Every leader will want each of the following questions answered before they will loan anything. If you have answered each question you are adequately prepared.

1. How much do you need?
 To determine the answer to this question, a worksheet has been provided to help you determine the amount needed to borrow.
2. What will you do with it? What and how much will be spent on equipment, inventory, operating, land, building, furniture, fixtures etc.?
3. When will you pay back?

4. How will you pay it back?

5. What if something goes wrong?

5 C's of Credit

1. Character

- Personal references, employment references, credit reference.
- Is there a commitment to endure?
- What skills and experience are necessary for the business and does the person have some or most of them?

2. Capital/Cash

- Does the prospective entrepreneur have any cash to put into the business? No one will lend 100% of any project. Starting any business has risk and that risk must be shared.

3. Collateral

- What assets are available to secure the loan? What is the realistic value of the assets if they have to be sold to pay the debt? Are the assets free from other liens? Can you verify the assets? Is there any personal net worth statement?

4. Capacity

- Will there be enough profit to make the loan payments? Pay the operating expenses, wages, and break even?

5. Conditions

- What are the social conditions of the area? Population? Demographics?
- What are the economic conditions? Lots of jobs or unemployment? Trends?
- Laws and regulations and their affects?

Cash Flow Statement

The cash flow is the most important financial management tool you have. It documents all cash transactions (income and expenses) that occur from month to month. It is like your personal checkbook, where you post your deposits and draw checks against them. As with your checkbook, if you spend more than you take in your checkbook bounces.

The reason this statement is so useful is that it forces you not only to analyze your sources of income and expenses but also to do it on a cash basis. What if your business has seasonal peaks and valleys? Your cash-flow statement will reflect them and indicate the amount of cash reserve you must retain from the peak periods to enable you to survive the slow times. In other words, it enables you to project your cash needs and prepare in advance for times when you might need to borrow money, change your billing terms, or pay your suppliers.

Cash flow statements are developed on a 12-month basis, but should be adjusted each month to reflect that actual cash in and cash out during that period. **The difference between your cash flow and what actually happened is called variance.** As you calculate these variances over time, you will notice trends that will enable you to adjust your cash flow more accurately in the future.

Pitfalls

Failure to update records

It is critical to keep your financial records as up-to-date as possible. For example, as you compare your projected cash sales to actual ones in your cash flow analysis, it doesn't do any good if you don't update the rest of your cash flow based on this information. Therefore, you must update your income and cash flow statements no less than once a month, and sales and receipts should be calculated every day.

Failure to Document Assumptions

Every financial assumption, from your projected sales level to your utility bills, needs to be documented. Most expense documentation can be provided as footnotes to your cash flow statements. This will indicate to anyone evaluating your plan that you just haven't pulled numbers from thin air. **In the case of your sales projections, detail your methodology in the market share or pricing section of the plan, and reference the location in the footnote.**

Too Much Optimism

Keep your projections and estimates conservative. It's always better to err on the conservative side, and possibly borrow a little more money initially, than run out of working capital because you have failed to achieve unrealistic sales forecasts. If this situation does occur, it will be difficult to borrow additional funds from the bank.

Financial Analysis

Start-up and Operating Costs:

Give estimated cost in space provided.

A. Operating Expenses

Advertising & Promotion	\$_____
Automobile & Travel	\$_____
Business Tax, Fees, Licenses	\$_____
Property Tax	\$_____
Professional Fees	\$_____
Owner Salaries (3 months)	\$_____
Other Salaries and Wages (3 months)	\$_____
Employee Benefits	\$_____
Rent	\$_____

B. Capital Costs

Land	\$_____
Building	\$_____
Renovations	\$_____
leasehold improvements	\$_____
Equipment (purchase)	\$_____
Subtotal	\$_____

Insurance	\$ _____
Maintenance & Repairs	\$ _____
Freight	\$ _____
Office Expenses (postage, etc.)	\$ _____
Telephone (per month)	\$ _____
Utilities (per month)	\$ _____
Other Operating Expenses	\$ _____
Subtotal:	\$ _____
Total A + B = C	\$ _____

Sources of Financing

Contributions (grant)	\$ _____
Capital	\$ _____
Operating	\$ _____
Business Support	\$ _____
Other	\$ _____
D. Subtotal	\$ _____

Commercial Financing
 - To determine estimated amount
 needed to borrow use equation
 $C - F = \text{amount needed}$

Bank: Line of Credit	\$ _____
Bank: Long Term Loan	\$ _____
Total	\$ _____

Applicant Investment

Cash	\$ _____
Sweat Equity	\$ _____
Contributed Assets	\$ _____
Other	\$ _____
E. Subtotal	\$ _____

Total D + E = F \$ _____

Presentation Tips

Paying attention to the preparation of the written document and the formal presentation can increase the effectiveness of your business plan.

Package together information from the eight general areas discussed and you will have a basic business plan. Use headings to organize the information into an easily readable format. The following presentation tips should help.

- Ensure that your plan is neatly types and packaged
- Check your plan carefully for spelling and mathematical errors
- Understand the contents of the plan thoroughly even if parts of it were prepared with a lot of assistance from someone else.
- Make the plan realistic by including any negative aspects and their impact on your plans; but focus on the positive elements.
- Ask a trusted advisor to review your plan objectively before passing it on to the intended reader.
- Finally does the plan demonstrate:
 - o Realistic Market Share?
 - o Responsible marketing strategy?
 - o Well-planned operation?
 - o Capable management?
 - o Identification of all costs?
 - o Sufficient funding for both start-up and ongoing costs?
 - o Realistic financial forecast?

Will all this planning being done; your business has both a greater chance of obtaining any financing you may need and becoming a success.