

What to write in a Business Plan

1. Cover Sheet: Name(s) of principles(s); name, address and phone # of business.

STATEMENT OF PURPOSE

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- * Balance Sheets for Past Three Years
- * Business Income Tax Returns for past Three Years
- * Personal Income Tax Returns for Past Three Years

III. SUPPORTING DOCUMENTS

Personal resumés, job descriptions, personal financial statements, credit reports, letter of reference, letters of intent, leases, contracts, other legal documents, and anything else of relevance to the plan.

STATEMENT OF PURPOSE

A brief (less than 1 page) statement of the business plan objectives.

QUESTIONS

In General:

1. What is the purpose of this plan?

Will it be used as an:

- operating guide?
- financing proposal

2. What is the business structure (i.e., sole proprietorship, general partnership, limited partnership, C corporation, or Subchapter S corporation)

3. Who is (are) the principle(s)?

4. What is to be done?

5. Why will it be successful?

For A Financing Proposal:

6. Who is asking for money?

7. How much money is being requested?

8. What is the money needed for?

9. How will the funds benefit the business?

10. How will the funds be repaid?

11. Why does the loan or investment make sense?

A. DESCRIPTION OF THE BUSINESS

GENERALLY EXPLAIN:

1. What the business is (or will be):
2. What market you intend to service, the size of the market, and your expected share;
3. Why you can service what market better than your competition;
4. Why you have chosen your particular location;
5. What management and other personnel are required and available for the operation; and
6. Why your investment or someone else's money (debt/equity) will help make your business profitable.

QUESTIONS:

1. Type of business; primarily merchandising retail, manufacturing, wholesale, or service?
2. What is the nature of the product(s) or service(s)?
3. Status of business start-up, expansion of a going concern, or take-over of an existing business?
4. Business form: sole proprietorship, partnership or corporation?
5. Who are the customers or clients?
6. Why is your business going to be profitable?
7. When will (did) your business open?
8. What hours of the day and days of the week will you be (are you) in operation?
9. What have you learned about your kind of business from outside sources (trade suppliers, banks, other business people, publications)?

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

FOR A NEW BUSINESS

10. Why will you be successful in this business?
11. What is your experience in this business?
12. Have you spoken with other people in this type of business about their experience, challenges and rewards? What were their responses?

13. What will be special about your business?
14. Have you spoken with prospective trade suppliers to find out what managerial and/or technical help they will provide?
15. Have you asked about trade credit?
16. If you will be doing and contract work, what are the terms? Reference any firm contract and include it as a supporting document.
17. Do you have letters of intent from prospective suppliers or purchasers?

FOR A TAKE-OVER:

18. When and by whom was the business founded?
19. Why is the owner selling it?
20. How did you arrive at a purchase price for the business?
21. What is the trend of sales?
22. If the business is going downhill, why? How can you turn it around?
23. How will your management make the business more profitable?

B. THE MARKET

Generally explain who needs your product or service, and why.

QUESTIONS:

1. Who exactly is your market? Describe characteristics: age, sex, profession, income, etc., of your various market segments.
2. What is the present size of the market?
3. What percent of the market will you have?
4. What is the market's growth potential?
5. As the market grows, will your share increase or decrease?
6. How are you going to satisfy the market?
7. How will you attract and keep your share of the market?
8. How can you expand your market?
9. How are you going to price your service or product, to make a fair profit, and at the same time, be competitive?
10. What price do you anticipate getting for your product or service?
11. Is the price competitive?

12. Why will someone pay you price?
13. How did you arrive at the price? Is it profitable?
14. What special advantage do you offer that may justify a higher price? (You don't necessarily have to engage in direct price competition).
15. Will you offer credit to your customers (accounts receivable)? If so, is this really necessary? Can you afford to extend credit? Can you afford bad debts?

C. COMPETITION QUESTIONS:

1. Who are your five nearest competitors? List them by name.
2. How will your operation be better than theirs?
3. How is their business: steady? increasing? decreasing? Why?
4. How are their operations similar and dissimilar to yours?
5. What are their strengths and/or weaknesses?
6. What have you learned from watching their operations?
7. How do you plan to keep an eye on the competition in the future?

D. LOCATION OF BUSINESS

1. What kind of building do you need?
2. What are the attributes and/or salient features of your present or desired business location?
3. Why is this a desirable area?
4. Why is this a desirable building?
5. Does the community around which you intend to locate the business show enthusiasm for you and your business?
6. What are the advantages and disadvantages of the site in terms of wage rates, labor unions, and labor availability?
7. How much space do you need?
8. Do you need a long-term or short-term lease?
9. Is the building accessible by public transportation?
10. Is the building close to customers or suppliers?
11. Is free or low cost parking nearby?
12. What are the state and local taxes, laws, utilities, zoning, and variables that may affect the location of you business?
- 13 How do you plan to keep an eye on any demographic shift in your area?

E. MANAGEMENT QUESTIONS:

1. What is your business background?
2. How does your background/business experience help you in this business?
3. What management experience do you have?
4. Do you have managerial experience in this type of business?
5. Do you have managerial experience acquired elsewhere-whether in totally different kinds of business, or as an offshoot of club or team membership, civic or church work, etc.?
6. What weakness do you have and how will you compensate for them, i.e., will you hire employees or pay consultants who have management abilities/expertise that you don't have?
7. What education do you have (including both formal and informal learning experience) which have bearing on your managerial abilities or knowledge of the industry?
8. Personal data: age; where you live and have lived; special abilities and interests; and reasons for going into business?
9. Are you physically suited to the job? Stamina counts.
10. Why are you going to be successful at this venture?
11. Do you have direct operational experience in this type of business?
12. Who is on the management team?
13. What are the duties of each individual on the management team?
14. Are these duties clearly defined? how?
15. Who does what? Who reports to whom? Where do final decisions get made?
16. What and how will management be paid?
17. What additional resources have you arranged to have available to help you and your business (accountant, lawyer, et al.).

NOTE: A personal financial statement must be included as a supporting document in your plan if it is a proposal for financing. Also, include your resume as a supporting document.

F. PERSONNEL QUESTIONS:

1. What are your personnel needs now? In the near future (3years)? In five years?
2. What skills must they have?
3. Are the people you need available?

4. Will your employees be full-time or part-time?
5. Will you pay salaries or hourly wages?
6. Certain employee benefits are mandatory. Find out what they are.
7. Will you provide additional fringe benefits? If so, which ones? Have you calculated the cost of these additional fringe benefits?
8. Will you utilize overtime? If so, you may be required by law to pay time and a half, double time, and/or other extra costs.
9. Will you have to train people for both operations and management? If so, at what costs to the business?

SWOT Analysis

1. What is it?

SWOT Analysis is a tool used for understanding an organization's strengths, weaknesses, opportunities and threats

Why use it?

The SWOT Analysis tool can be used in identifying an organization's strengths (S) and weaknesses (W), and examining the opportunities (O) and threats (T) it is facing. The outcome from a SWOT Analysis enables organizations to focus on strengths, minimize weaknesses, address threats, and take the greatest possible advantage of opportunities available.

How to use it?

While the SWOT Analysis is typically conducted in a group session, it can also be undertaken in other forums (including electronically).

Strengths:

Questions to ask and answer:

What do we do exceptionally well?

What advantages do we have?

What valuable assets and resources do we have?

What do members/customers identify as our strengths?

Tips:

Be realistic...and honest!

Think in terms of what you have that your competitors don't have.

Don't just take the internal staff and volunteer perspective...consider how your members and customers view your organization.

Weaknesses:

Questions to ask and answer:

What could we do better?

What are we criticized for or receive complaints about?

Where are we vulnerable?

Tips:

Don't tiptoe around weaknesses, but be constructive and positive in putting them on the table.

Get research so you know what outsiders think...about you and your competition!

Opportunities:

Questions to ask and answer:

What opportunities do we know about, but have not been able to address?

Are there emerging trends on which we can capitalize?

Tips:

Look at changes in the sector represented by the organization, technological changes, government policy, socioeconomic and demographic changes.

Be open-minded...key opportunities may come from unlikely and seemingly unrelated sources.

Consider how you can exploit your strengths or address your weaknesses to generate additional opportunities,

Threats:

Questions to ask and answer:

Are any of our weaknesses likely to make us critically vulnerable?

What external roadblocks exist that block our progress?

Are our competitors or quasi-competitors doing anything different?

Is there significant change coming in our members' sector?

Is technology dramatically changing the sector and services to it?

Are economic conditions affecting our financial viability?

Tips:

Have an open and expansive perspective. The buggy whip manufacturing association may not have seen early automobiles as a big threat to the association...but they were!

An environmental scan is critical.

While an organization can undertake a SWOT Analysis without undertaking member research and an environmental scan, its value will be significantly greater if such research is incorporated.

Final Thoughts

The process is important not only for identifying where to apply resources and attention, it enables the organization to put issues into perspective.

If the organization has a major competitor, it can also be illuminating to conduct a SWOT Analysis of the competitor. The process can assist in identifying strategies to counter the competition, and to anticipate their future moves.

A Sample SWOT Analysis

A provincial professional association's SWAT Analysis might look as follows:

Strengths:

Our members value the professional designation.

We have a lower course fee structure than similar programs.

We provide good customer service.

Our instructors are highly-regarded in the profession.

We have a small staff and low overhead.

Weaknesses:

We are slow to make decisions and adapt to changes that affect the profession.

The professional designation is rarely included as a condition of employment.

We are overly dependent on key volunteers who developed and teach our certification courses.

We do not have the resources to research the market and promote the designation.

Opportunities:

The employment market for our members is expanding rapidly.

The government has indicated a willingness to review our Act.

There is significant interest in accessing our programs from the the Caribbean, and south east Asia.

Threats:

On-line education technology will produce more competition for courses.

Since NAFTA, interest in the American certification is growing.

A private company with a successful web site and conference is taking advertisers and sponsors away from us.

Based on this SWOT Analysis, the association is better positioned to take appropriate and effective action.