Every business can benefit from the preparation of a carefully written business plan. A business plan allows you to develop goals and strategies for your business. This guide will provide an outline in organizing your effort to gather and evaluate information about your business. As you gather information, you can begin the process of writing your business plan. By planning your business needs, you will develop an essential part of the business - its strategy. Effectively completed, your business plan must identify the strengths, weaknesses, opportunities, and threats that may affect your business and the strategy you will use to succeed.

This outline is intended to serve as a guide for an operational business plan written in a narrative format. It explores all aspects of a business operation. It will:

* help you think through any project and ensure that you have considered all of your options and anticipated any potential difficulties;
* convince potential lenders and investors that you are in control of the project and that their money will be safe with you;
* serve as a road map for the success of your business.

The following outline lists key topics that should be included in narrative (story) form and standard financial statement format. Start with ‘The Business’ section. ‘The Cover Sheet’, ‘Table of Contents’ and ‘The Executive Summary’ should be written last. The final product should be tailored to fit your business circumstances and personality.

1. **Cover Sheet:** it should include the name of the business, owner’s name, address, phone and fax numbers, and e-mail addresses for the business.
2. **Table of Contents:** list major topics and page references.
3. **Executive Summary:** while presented at the beginning of the plan, this is the last section written. It is a condensed version of the entire business plan that must be able to stand on its own. It is not simply an introduction to the rest of the business plan. Bankers or investors who review many business plans may read only the Executive Summary. If the Executive Summary is not successful in gaining the banker’s or investor’s confidence, the plan may be rejected and may never be read in its entirety.

The Executive Summary should include:

* The purpose of the plan (operating guide, loan request, prospectus for investors).
* The type of business you own or propose to own and the current state of development.
* The unique aspects of your product or service.
* The business structure you have chosen (sole proprietorship, partnership, corporation, LLC).
* The names of the principals.
* The amount of money you need to implement your plan and how it will be used.
* The amount of money you are investing.
* If you are requesting a loan, how you will repay the funds and the collateral that will be used to secure the loan.
* A summary of the financial projections.
1. **The Business (See Details on Page 2):** The business portion of the business plan provides an overview of your planned business operation. You should briefly describe your product/service and how you will maintain a sustainable competitive advantage. Include the regulations that apply to your business as well as the facilities and equipment you need to operate the business.
2. **Management (See Details on Page 3):** The management plan of your business outlines the organizational structure that defines the lines of authority and the responsibilities of the key players, hired staff and outside consultants.
3. **Marketing (See Details on Pages 4 and 5):** The marketing plan includes information on the total market with an emphasis on your target market, competition and how you plan to make and promote your product/service available.
4. **Financial Data (See Details on Pages 6):** The financial section of your business plan will show past, current and projected financial activity. Documents that should be included are the sources and uses of funds statement, three-year income projection and cash flow projection, notes and critical assumptions for the projections, and a break-even analysis
5. **Appendix:** The appendix should support the body of the business plan. You may choose to include marketing reports, brochures, an organizational chart, resumes, personal and company financial statements and tax returns for the past three years (if you already own a business), store layout drawings, photos of the product, copy of purchase agreements, vendor cost estimates for equipment to be purchased, contractor estimates for renovation or construction, letters of support from customers, technical reports explaining your product, etc.

**1. THE BUSINESS**

**BUSINESS PLAN OUTLINE**

|  |  |
| --- | --- |
| **DESCRIBE YOUR BUSINESS**  | * Business identity.
* Information about the industry.
* Brief summary of the company history, its position in the market today and what you expect for the future. Project a sense of what you expect to accomplish in the first years.
* Company mission and vision.
* SWOT analysis: company’s strengths and weaknesses, opportunities and threats.
* S.M.A.R.T goals: short and long term goals for the company.
 |
| **DESCRIBE YOUR PRODUCT(S) AND/OR SERVICE (S)**  | * Describe the purpose of your product, the need it satisfies and what makes your product unique.
* Outline your product or service in terms of marketability.
* List future products or services you plan to provide.
* If manufacturing, tell all about the manufacturing process.
* Give a detailed description of your products from raw materials to finished items.
* Identify your primary suppliers and alternative suppliers.
* Describe product development and research efforts.
* Describe the stage of development, formal testing and alternative uses for your product.
* Include your quality assurance procedures.
 |
| **PROPRIETARY INFORMATION** | * Describe any specific knowledge or technology that you have and your competitors do not. (E.g. licenses, patents, franchise).
* Describe any efforts taken to obtain patents, copyright trademark or name registration.
 |
| **REGULATIONS**  | * Describe any regulations that affect the sale and use of your product. Remember to check on the local, state and federal levels.
* Identify the agencies that must regulate your business and the potential positive or negative impact.
* List any licenses you must obtain for your business and where you are at in the process.
 |
| **FACILITY AND EQUIPMENT**  | * Describe the building, its location and the equipment needs for your business and how you determined this need. Also, describe how long the facility will meet your needs and the actions you plan to take at that point.
* If manufacturing, what is the maximum production capacity of the facility and equipment and your expected level of production.
 |
| **OPERATIONAL NEEDS** | * Describe your transportation and utility needs and any associated costs.
* Are these services readily available at your chosen location?
 |
| **BARRIERS**  | * Describe the most significant barriers you expect while launching and operating your business. Explain how you expect to overcome these problems.
 |

**2. MANAGEMENT**

**BUSINESS PLAN OUTLINE**

|  |  |
| --- | --- |
| **OWNERSHIP COMPOSITION**  | * Define your chosen form of business organization (i.e. sole proprietorship, general partnership, corporation, Limited Liability Company).
* Specify who the owners of your business are and what percentage they own.
 |
| **MANAGEMENT** | * Describe who is behind the business. For each owner, tell about his or her responsibilities and abilities.
* Indicate who manages the business on a day-to-day basis, who is responsible for long-range planning and who initiates changes, who has primary operational, marketing and accounting responsibilities and their qualifications to do so.
* Indicate their level of knowledge and formal training in the industry. Support with resumes.
 |
| **PERSONNEL** | * Indicate the number of employees and briefly define their positions.
* Describe each position, the responsibilities of each position, and required/preferred qualifications.
* Describe the wages and benefits along with the number of positions, both full-time and part-time.
 |
| **SECURITY** | * Address security measures for inventory control, theft of information and employee screening.
 |
| **CONSULTANTS** | * List professionals that will provide services to your business. These include accountants, lawyers and consultants, such as the SBDC or SCORE consultants.
 |
| Consider including the following documentation of your management plan in the exhibits: |
| **PERSONNEL RESUMES** | * Should be limited to one page and include work history, educational background, professional affiliations, honors and special skills.
 |
| **LEGAL DOCUMENTS** | * All legal papers pertaining to your legal structure, proprietary rights, insurance, titles, licenses, etc.
 |
| **SCHEDULE** | * Prepare a schedule of employee staffing.
* Determine the number of hours the business will be open and indicate the level of staffing during the schedule period. These numbers should correspond with your estimates of payroll expenses on your projected financial statements. (See the Financial section of this guide.)
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**3. MARKETING**

**BUSINESS PLAN OUTLINE**

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| --- | --- |
| **PRODUCT/SERVICE** | * Describe your product (s) or service(s): design, features, manufacturing process, labelling, packaging, product strategy (adaptation or standardization), quality, branding, benefits, etc.
* Describe your product’s life cycle.
* Buying experience: What will your customer ‘take away’ from his or her experience with you? The buying experience is how your target buyers perceive the experience of buying a product or service in your market. That experience consists of different elements from the buyer’s psychology, to the information they consume, to the interactions they have, during the buying process.
* Discuss the customer service philosophy.
* Support services: service, warranties, spare parts, instructions, installation, repair and maintenance.
 |
| **TARGET MARKET** | * Who are potential customers? Create your buyer persona. Define the characteristics of the customer by sex, age, income, education, occupation, household size, geography, lifestyle, or other relevant characteristics.
* How many different market segments (customer groups) are included in the customer base? Describe each market segment.
* How much money is spent on the product or service within the target market each year?
* Describe the potential annual growth of the target market for the product or service for each market segment using population figures, sales tax info, industry information, etc. Estimate how much of the total market you will capture.
* Describe the major factors affecting market growth including industry trends, socio-economic trends, government policy, population shifts, etc.
 |
| **COMPETITIVE ADVANTAGE** | * Define your competitive advantage and how your business will maintain it over time.
* A competitive advantage is what makes you better than the competition in your customers' minds. When describing your competitive advantage, focus on these three determinants:
* Benefit: Whether it's a good or service, you must be clear on the benefit your product provides. It must be something that your customers truly need and that offers real value. You must know not only your product's features, but also its advantages how they benefit your customers. That means being constantly [Part Time or Seasonal Help](https://www.irs.gov/node/964)
* Target market: Who are your customers? You've got to know exactly who buys from you, and how you can make their life better. That’s how you create demand, the driver of all economic growth.
* Competition: That's more than just similar companies or products. It includes anything else your customer could do to meet the need you can fulfill (substitutes).
* Describe how you will differentiate your business from competitors with regard to Product (features and performance), Service (delivery and installation), Personnel (expertise and courtesy), and Image (atmosphere and events).
* You must reinforce that message in every communication to your customers. That includes advertising, public relations, and sales aids.
 |
| **COMPETITION**  | * Present a profile for each main competitor by defining the current advantages and disadvantages of its products and services, suppliers, and place in the market (quality leader, lowest price, etc.)
* Assess their strengths, weaknesses, opportunities, and threats.
* Compare competing products/services listed based on price, performance, warranties, and other pertinent features. Don’t forget substitute products.
* Discuss each competitor’s share of the market, sales, distribution, and production capabilities.
* Explain why customers will leave your competition and switch to your business.
* Discuss why any companies have entered or dropped out of the market in recent years. Indicate any knowledge of competitors’ actions that could lead the company to new or improved products/services and an advantageous position.
* Discuss the possible opportunities a competitor might have in the market place. How easy is it to enter the market? How easy or difficult will it be to compete?
 |
| **MARKET ENTRY** | * How do you plan to enter the market?
* When do you plan to enter the market?
 |
| **LOCATION** | * Your choice of location and layout will have a lot to do with your startup costs and your capacity to serve your market.
* If your choice of location is related to a target market, cover it in this section of your business plan. If necessary describe traffic count and flow, income and demographic characteristics of the surrounding area.
 |
| **INDUSTRY TRENDS**  | * Give current trends; project how the market may change and what you plan to do to keep up.
* Define the life cycle stage of the industry (introduction, growth, maturity or decline) and give support.
* Describe new technologies being introduced and changes in production methods, operations or sales. A good source of information is industry trade associations and publications.
 |
| **PLACE/DISTRIBUTION** | * Discuss the strengths and weaknesses of the location.
* What are the sales and distribution tactics that you will use to market the product or service: internal sales force, outside sales persons, distributors, etc.
* Discuss any selling salaries, contracts, commissions, or other costs in the distribution channel such as margin requirements.
 |
| **PROMOTION** | * What methods will be used for each market segment previously identified (TV, website, social media, radio, journals, magazines, direct mail, trade shows, etc.)?
* How will your promotional activities be tailored to your target market?
* Are there co-op opportunities with suppliers?
* Describe any advertising materials proposed or developed.
* What results do you expect from advertising and promotion efforts?
* Include a schedule of activity by month, including costs.
 |
| **PRICING** | * What is the pricing strategy? Why was it chosen?
* Compare pricing strategy to competitors, and explain its advantage for the company.
 |

**BUSINESS PLAN OUTLINE**

**4. FINANCIAL DATA**

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| **FINANCIAL DOCUMENTATION**  | * Financial projections
* Historical financial statements (for existing businesses)
* Description of start-up costs.
 |
| The following are major documents you will want to include in your business plan: |
| **SUMMARY OF FINANCIAL NEED** | * Outline total financial need and why you are applying for a loan.
* Describe the total estimated cost of the project, including the need for working capital.
* Describe the equity invested into the project. Equity is funding invested into the business that is not repaid on a set schedule; it is typically money the owner or investors contribute to the project. These numbers should correspond to those on the sources and uses sheet.
 |
| **3-YEAR INCOME PROJECTION \*** | * The income statement shows your business Income and expenses over a period of time. It is a moving picture showing what has happened in your business and is an excellent tool for assessing your business.
* The income projections should show monthly projections for your company for the next three years.
* Projections should be based on economic and industry trends and should be supported by the market analysis.
 |
| **STATEMENT OF CASH FLOW \*** | * This document projects what your business plan means in terms of dollars. It shows cash inflow and outflow over a three-year period and is used for internal planning.
* Cash flow statements show both how much and when cash flow must flow in and out of your business.
* This statement will also reflect how quickly your customer pays you and what payment terms you have arranged with your vendors.
 |
| **BALANCE SHEET \*** | * The Balance Sheet shows the condition of the business as of a fixed date.
* It is a picture of your company’s financial condition and will show whether your financial position is strong or weak. It is usually done at the end of the month and contains assets (what the business owns), liabilities (what the business owes) and net worth.
 |
| **BREAK-EVEN** **ANALYSIS \*** | * The break-even point is where a company’s operating expenses exactly match the sales or service volume.
* It can be expressed in total dollars of revenue total units of production (Unit price divided by breakeven revenue).
 |
| \*Your Kansas SBDC consultant can assist you with these four financial documents, once you have estimated the projected monthly revenue, expenses and costs involved in your project. |
| **PERSONAL FINANCIAL STATEMENT**  | * A statement of personal assets, liabilities and net worth. (Each lender typically can provide you with a form for this.
 |
| **TAX RETURNS**  | * Lenders will typically request copies of your last three personal and business (if applicable) tax returns.
 |
| **CREDIT REPORTS** | * May include business and personal reports from suppliers or wholesalers, credit bureaus and banks.
* Check your credit report for accuracy before submitting your business plan to a funding source.
* Federal law allows you to get a free copy of your credit report every 12 months from each of the three credit reporting companies at: [www.annualcreditreport.com](http://www.annualcreditreport.com)
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| **COPIES OF LEASES** | * Include agreements currently in force between your company and a leasing agency.
 |
| **CONTRACTS** | * Include all business contracts, both completed and currently in force.
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