

BUSINESS ENTREPRENEURSHIP

BUSINESS PLAN FORMAT

Although every company's business plan will be unique, reflecting its individual circumstances, certain elements are universal. The following outline summarizes these components:

- I. Executive Summary (not to exceed two pages)
 - A. Company name, address, and phone number
 - B. Name, address and phone number of a key individual
 - C. Brief description of the business
 - D. Brief overview of the market for your product, management and technology
 - E. Brief statement of what the financial needs are, what the money would be used for, and what is the ROI.
- II. Detailed Business Plan
 - A. Industry Analysis
 - 1. Industry background and overview
 - 2. Trends
 - 3. Growth rate
 - 4. Outlook for the future
 - B. Background of Your Business
 - 1. Brief history of the business
 - 2. Current situation
 - 3. Your company's mission statement
 - 4. What makes your business unique: sources of competitive advantage
 - 5. How your company creates value for customers
 - 6. The key factors that will dictate the success of your business (e.g. price, competitiveness, quality, durability, dependability, technical features)
 - C. Market Analysis
 - 1. Who are the potential buyers for your products? (be specific)
 - 2. What is their motivation to buy?
 - 3. How many customers does the market contain? (How large is the market?)
 - 4. What are their potential annual purchases?
 - 5. What is the nature of the buying cycle?
 - a. Is this product a durable good that lasts for years or a product that is repurchased on a regular basis?
 - b. Is the product likely to be purchased at only seasonal periods during the year?
 - 6. Specific target market: What do you know about the potential customer you are likely to sell to in your geographic area?
 - a. What are the product features that influence the customer's buying decision?
 - b. What, if any, research supports your conclusions?

- c. Do the customers have a preference in where they purchase comparable products? How strong is this preference?
 - 7. Pricing strategies
 - a. Cost structure: fixed and variable
 - b. Desired image in market
 - c. Your prices versus competitors' prices
 - 8. Advertising and promotion strategies
 - a. Most effective media in reaching your target audience
 - b. Media costs
 - c. Frequency of usage
 - d. Means of generating publicity for your business
 - 9. Distribution strategy
 - a. Channels of distribution
 - b. Sales techniques and incentives
 - 10. External market influences
 - a. Economic factors
 - (1) Inflation
 - (2) Recession
 - (3) High or low unemployment
 - (4) Interest Rates
 - b. Social factors
 - (1) Age of customers
 - (2) Locational demographics
 - (3) Income levels
 - (4) Size of household
 - (5) Social attitudes
 - c. Technological factors
- D. Competitor Analysis
 - 1. Existing competitors
 - a. Who are they? List major known competitors.
 - b. Why do you believe the potential customers in your target market buy from them now?
 - c. How will they affect your business
 - 2. Potential competitors
 - a. Who are they, and when and why might they enter the market?
 - b. What would be the impact in your target market segment if they entered?
 - 3. The strengths and weaknesses of each key competitor's business and how they will affect your business
- E. Strategic Analysis
 - 1. Core competencies
 - 2. Market position and image
 - 3. SWOT analysis
 - a. Strengths
 - b. Weaknesses
 - c. Opportunities
 - d. Threats

4. Business strategy
 - a. Cost leadership
 - b. Differentiation
 - c. Focus
- F. Strategic Action Plan
 1. Specific performance goals and objectives and their link to your company's mission
 2. Summary of your production and marketing strategies
 3. How will you convert these marketing strategies into action
 4. The control procedures you plan to establish to keep the business on track, including measures of performance
- G. Specifics of your organization and Management
 1. Business organization
 - a. Legal (corporation, S Corp, limited liability company, partnership, sole proprietorship)
 - b. Functional (division of authority and chain of command)
 - c. Organization chart
 2. Key people
 - a. Their backgrounds and what they bring to the business that will enhance the chance of success
 - b. Resumes of key managers and employees
- H. Financial Plans
 1. How much money do you need to make this product and your business a long terms success? Be realistic and specific.
 2. Income statements, cash flow statements, and balance sheets for the next 3-5 years of operation.
 3. Create a budget. Show the banker or investor how much money you need, why you need it, when you need it, and how and when you plan to generate revenues from operations and sales.
 - a. Material
 - b. Labor
 - c. Equipment
 - d. Marketing
 - e. Overhead
 - f. Other (e.g. unique start-up costs)
 4. Present actual and projected balance sheets and income statements.
 5. Prepare a breakeven analysis
 6. Prepare a ratio analysis; compare with industry standards
 7. Create cash flow projections.