

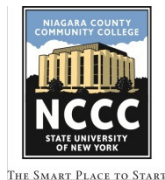
Business Plan Workbook

Developed by the staff of the

Niagara County Community College
**Small Business
Development
Center**

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Call today for assistance with your business plan



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Business Name

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Pro Forma Financial Statements - *The Niagara SBDC has a spreadsheet to help complete this section.*

Pro Forma Income Statement – Year One

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Assumptions to Pro Forma Statements

Exhibits: *Supplemental materials (asset list, resumes, marketing items, diagrams, business certificate...)*

Exhibit 1:

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Funded in part through a Cooperative Agreement with the U.S. Small Business Administration. All opinions, conclusions or recommendations expressed are those of the author(s) and do not necessarily reflect the views of the SBA.



Business Name

Statement of Cash Sources and Uses

Start-Up (Expansion) Expenses

- This is also known as the Funding Request. It spells out how much money you need, where it will be coming from, and how you will be spending it.
- This is a good time to determine exactly how much money you will need to get the business off on the right foot or to take it to the next level. You also need to determine how much of your own money will be invested and what you'll need to finance.

Sources and uses of the funding are as follows:

Cash Sources

| | |
|------------------|-------|
| Owner Investment | _____ |
| Loan | _____ |
| Total | _____ |

Please note that grants were not included in the above section as a source. There is very little FREE MONEY for For-Profit businesses. Beware of scams!

Cash Uses

| | |
|----------------------------|-------|
| Security Deposit | _____ |
| Decorating Remodeling | _____ |
| Fixtures, Equipment | _____ |
| Installing Fixtures, Equip | _____ |
| Services, Supplies | _____ |
| Beginning Inventory Cost | _____ |
| Legal/Professional Fees | _____ |
| Licenses/Permits | _____ |
| Advertising for Opening | _____ |
| Sign | _____ |
| Misc. Expenses | _____ |
| Website development | _____ |
| Working Capital | _____ |
| Total | _____ |

These two Totals must be equal. You must have enough cash to be able to meet your start-up (expansion) needs.

Business Name

Executive Summary

The Executive Summary is a condensed outline of your plan. It is designed to spark the reader's interest so they will want to read the rest of your plan. It should highlight the crucial information you will be presenting. It is written after you have completed the rest of your plan. Any information in this section must match elements included in the rest of the plan.

- It is often called the Project Description
- It should include:
 - ✓ **Company information:** What is the product or service you provide and your competitive advantage? When will you (or when did you) begin the company? What are your objectives? What is your background and that of your management team?
 - ✓ **Project details:** Is this plan being developed to show the feasibility of a new business, of how your business exists today, or to show a major change / expansion?
 - ✓ **Market Opportunities:** What is your position in the market? What consumer trends are you trying to capitalize on? What are your target markets? Who is your competition? How does your pricing fit into your overall promotion plan? Remember this is a brief summary of your marketing section of the plan.
 - ✓ **Financial Data:** What do expect your revenues and expenses to look like in the upcoming year and over the next three years?

Business Name

Business Description

The person reading this page should be able to have a very good understanding of what your business is all about whether they have ever met you before or not. You need to be clear and focused. It is very easy to get off on too many tangents.

This section should answer the following questions:

- ✓ How long have you been in business? * If existing, give a brief description of your history.
- ✓ Why are you starting the business / why did you start the business?
- ✓ How has your business evolved?
- ✓ What is the legal structure of your business?
- ✓ Where is your business located?
- ✓ What are your hours of operation?
- ✓ Do you have staff? If yes, include a work schedule with your supporting documents.
- ✓ What is your current status (start-up, stable, improving, declining, stagnate ...)?
- ✓ What are your plans for the future (immediate and long term)?
- ✓ How will (how do) you currently handle day-to-day operations?
 - ♦ How will (how do) you interact with your customers?
 - ♦ What steps are involved: from the moment of first contact to the completion of the transaction?
 - ♦ How will (how do) your currently handle transactions?
 - ♦ How timely will (does) money exchange hands?
 - ♦ What follow-up or continuing relationship do you expect to have (or currently have) with your customers?
- ✓ Do you make or buy your products?
- ✓ What recordkeeping system do you have in place?

Business Name

Personal History

In this section you describe yourself. The reader of this section should be able to understand why you will be able to run (or have been running) this business successfully. *This is a great time to take a good look at your skills and determine where you need improvement or assistance.*

- ✓ Describe the following for you, the owner, and each person listed as Management (It may only be you!)
 - ♦ Education
 - ♦ Employment History
 - ♦ Technical Training
 - ♦ Depth of industry experience
 - ♦ Source of inspiration
 - ♦ Practical business / management experience
 - ♦ Special people skills
 - ♦ Volunteer work
 - ♦ Workshops and counseling related to small business management / operations.
 - ♦ Groups and organizations key players are associated with or plan to join

- ✓ Will you (do you currently) outsource any parts of the business?

- ✓ Who is currently (or will be) responsible for various functions in the business?

- ✓ Formal resumes should be included with the Exhibits for the owner and key management positions.

Business Name

Personal Finances

A significant number of small businesses fail each year. There are a number of reasons for these failures but a major concern is insufficient funds. Too many entrepreneurs try to start and operate a business without sufficient capital (money). Please note: Your lender may ask you to pledge personal assets as collateral for your business loan.

- ✓ Are your personal finances in order?
- ✓ Can you survive a break in your income? Most owners are unable to pull money from their businesses for the first six months or longer. Business expansions or down turns can also seriously affect the owner's personal finances.
- ✓ Is your credit rating strong?

Complete the following table (personal financial statement):

As of _____, 20 ____

ASSETS

| | |
|-----------------------------|-------|
| Cash on Hand | _____ |
| Savings | _____ |
| Stocks, Bonds, Security | _____ |
| Accounts/Notes Receivable | _____ |
| Real Estate | _____ |
| Life Insurance (cash value) | _____ |
| Auto/Other Vehicles | _____ |
| Other Assets | _____ |
| Total Assets | _____ |

LIABILITIES

| | |
|--------------------------|-------|
| Accounts Payable | _____ |
| Notes Payable | _____ |
| Contracts Payable | _____ |
| Real Estate Loan | _____ |
| Other Liabilities | _____ |
| Total Liabilities | _____ |

Total Assets _____

less Total Liabilities _____

Net Worth _____

Business Name

Management Structure

Provide an organizational structure showing titles and job descriptions for key positions

Professional Advisors

Name and contact information for:

- Lawyer
- Accountant
- Banker
- Business advisor
- Insurance Agent

Business Name

The Marketing Plan

In this section you need to show a complete understanding of your markets, your competition, your referral sources, current customer base, and potential customers.

What is your Product?

- ✓ Give a full description of your goods and or services. Describe how it differs from the competition.
- ✓ Describe the distribution channels you currently use or will develop (if applicable).

Who is your Target Market?

- ✓ Describe your customer base. Is it Regional? National? International?
- ✓ Will you service / sell to consumers? Other businesses? Both?
- ✓ Detail the specific demographic categories you will target. Gender? Age? Race?
- ✓ Detail the relevant income categories. Middle class? Upper Middle class? Businesses with revenues under \$500,000?
- ✓ How will you create / maintain customer loyalty?
- ✓ Is this target market large enough to allow you to reach your sales goals?

What is your competitive position?

- ✓ How do the prices of your products / services compare with similar products / services already on the market?
- ✓ How many competitors are in the same market? Who are the key players?
- ✓ What makes you different from your competition? (Price, Customer Service, Quality, Location, Convenience, etc.). What do you think gives your business a competitive advantage?

What are your Promotional Strategies?

- ✓ How will people find out about you?
- ✓ Do you currently or will you have a website, brochures, flyers, or other printed material?
- ✓ Have you given or are you planning any speaking engagements?
- ✓ What community events have you been involved with or plan to attend /organize?
- ✓ Will you run any advertising? (print, TV, radio, internet, etc.)
- ✓ Will you donate your product or service to any charitable groups?
- ✓ Who will refer business to you and how you will build / expand your referral network?
- ✓ Is social media right for you?

Why will people prefer/ want to do business with you?

Business Name

SWOT Analysis

This page is an excellent opportunity to look at your business warts and all. It is not typically included in a formal loan proposal but is an important exercise to complete. The SWOT should be specific. Avoid grey areas.

Strengths: Internal Assets

- ✓ What does your business do better than your competitors? What is it known for?
- ✓ What resources have you accumulated?
- ✓ Do you have key employees? Suppliers? Distributors? Are they HAPPY with you?
- ✓ What is your reputation? Is it positive and trustworthy?
- ✓ How do your strengths differentiate you from your competitors?

Weaknesses: Internal issues

- ✓ What are the business' faults? How are you addressing these problems?
- ✓ What mistakes have you made so far? How did you correct them?
- ✓ Is your brand name weak?
- ✓ Are your distribution channels limited?
- ✓ Are your expenses running higher than expected?
- ✓ Are your competitors aware of your weaknesses and taking advantage of them?

Opportunities: External prospects

- ✓ How can the business capitalize on the strengths and improve the weaknesses?
- ✓ What are the external opportunities for business growth?
- ✓ How can you better serve existing customers?
- ✓ Are there any technologies you need to tap into?
- ✓ Are you capitalizing on your competitors' weaknesses?

Threats: External forces

- ✓ What issues / problems does the business face now and in the future? How will you address them?
- ✓ What is going on in the industry that could help or harm your business?
- ✓ What is going on in the marketplace that could help or harm your business?
- ✓ Are your products / services vulnerable to changing consumer tastes?
- ✓ Are the regulations governing your industry subject to change?
- ✓ Can threats be turned into opportunities?
- ✓ Are you aware of what your competitors are doing in the marketplace?

Business Name

Financial Items

(The Niagara SBDC has a set of spreadsheets to help complete this section.)

Earnings Projections

- ✓ You must show detailed projections (pro forma statements) of earnings and expenses for three yrs.
- ✓ This includes Cash Flow Statements, Income Statements, and Balance Sheets.
- ✓ The first year will be broken down month by month and years 2 and 3 will be annual.
- ✓ You must show your ability to repay any debt.
- ✓ You must include the assumptions you used to create your pro forma statements.
- ✓ Under estimate revenues and over estimate expenses; be conservative.

Financial Statements and Income Tax Returns

Business: If it's a new business this won't apply

- ✓ Include balance sheets and income (profit & loss) statements for current and past 3 years.
- ✓ Include copies of business federal income tax returns for the past 3 years.

Personal

- ✓ Complete the SBA form 413 for each owner with more than 20% ownership.
- ✓ Include copies of your personal federal income tax returns for the past 3 years.

Debt

- ✓ List all debts and obligations of the business.
- ✓ Include to whom it is payable, the original amount, the original date, the present balance, the interest rate, the maturity date, the monthly payments, how the debt is secured (if it is), and whether it is current.

Accounts Receivable and Accounts Payable

- ✓ Include a complete list of amounts you owe others and what your customers owe you, including the aging report.

Business Name

Supporting Documents

The following is a list of other items that are typically required in a formal loan proposal.

Business Certificate / Corporation documentation

Purchase Offer Agreement/Lease Agreement

- ✓ If an agreement has been made regarding the lease or purchase of equipment or property, include this signed agreement.

Collateral

- ✓ A list of assets that will be security for the loan.
- ✓ Include estimates of present market value for each item.

Resumes for Owners and Key Staff

Labor Schedule

- ✓ List job positions current and to be created.
- ✓ Number of employees in each position.
- ✓ Their approximate wages.

Examples of Marketing collateral if available

- ✓ Brochure
- ✓ Flyers
- ✓ Screen shot of the Home page of your website
- ✓ Articles about your business

Business Name

Business Plan Tips

- You must write your own plan! Definitely seek assistance during the writing process but you must take final ownership. You must have a clear understanding of everything that is in your plan. You will find the research and preparation phase to be a great learning experience.
- You need to be clear and focused. It is very easy to off on side topics. Each section should be just one to two pages in length. Supplemental materials should be added to the Exhibit section.
- You need to know your audience. Is this for your banker? Will employees be part of the development process or have access to the finished copy? You may only want your employees to see specific sections of the plan.
- Keep your language formal. Speak in a third person voice; don't use "I" or "we".
- Make your plan look professional but don't spend extra to have it bound or add an expensive cover. This will make you look extravagant to the reader.
- Don't use technical jargon that only those in your industry will understand. Also explain any acronyms you are using.
- Don't show a draft version of your plan to anyone but trusted advisors. Your target audience should only see a final copy.
- Don't be overly optimistic. Speak confidently but be realistic about your future plans.
- Don't make unsubstantiated financial assumptions. If you are showing revenue growth you must explain why it is feasible. If you are showing expense reductions you must explain how you will make it happen.
- Don't ignore obvious issues in your external environment. Address them and how you will cope / overcome these obstacles.
- Use precise and confident language. Examples:
 - ♦ Vague: We hope to reach \$ in sales by Month 4.
Precise: Sales are expected to reach \$ by Month 4.
 - ♦ Vague: We are thinking of expanding into a 2nd product line.
Precise: XYZ Inc. is currently researching the addition of a 2nd product line.

Your business plan is never finished. You should review, and revise it if necessary, every six months or if you are undergoing major changes or issues.