

OUTLINE OF A BUSINESS PLAN

- I. Describe, briefly and in writing, the business you operate or propose to start:
 - a. What product or service will you offer?
 - b. Who will be the customers for this?
 - c. What features or benefits will you offer that are not now available to those customers?
 - d. What geographical area will be served?
- II. Define your market:
 - a. What is the estimated size of the market in dollar sales per year? What is the basis of this estimate?
 - b. How is this market currently served? Who are your potential competitors, by name?
 - c. What are the names and locations of the major customers for your product?
 - d. Explain your planned selling strategy – own sales force, distributors, agents, advertising.
- III. How will you operate?
 - a. Purchase and sell entire product, purchase parts and assemble, manufacture? Explain your choice.
 - b. Buildings and equipment:
 - 1) Space needed, type, build or lease, where, cost availability
 - 2) Equipment needed. List items, cost new, cost used, availability.
 - c. Manning Table – List employees needed for each of their first three years by job, number, and annual salary. Include the management team – this is, list all people needed to make this project go.
 - d. Development Cost: Is the product ready to go or are further developmental and learning costs to be expected? Explain in detail.
- IV. Management:
 - a. How will the venture be organized – proprietorship, partnership, corporation?
 - b. Provide resumes of the principles and active owners detailing relevant experience and qualifications.
 - c. Has the management team worked together before? How long? Successfully?
 - d. Plans to provide legal and accounting services.
 - e. Plans for employee benefits and estimated costs.
 - f. Service and warranty policies.
- V. Financial Projections:
 - a. Capital requirements at start-up – A detailed listing of funds needed to buy equipment, lease or build buildings, purchase supplies and raw materials, meet payrolls for a reasonable time, pay such operating costs as insurance, travel, taxes, power, etc. for a reasonable time, carry accounts receivable the normal trade time, and other “working capital” needs. Bear in mind that many businesses fail due to lack of working capital so examine this need carefully.
 - b. Sources of Capital – A listing of the planned source of funds detailing owner’s investment (cash), net book value of assets transferred to the business, existing debt, and additional capital needed.
 - c. Sales projections for three years. By product, net sales value and gross margin. (Gross margin = net sales value minus raw material cost.)
 - d. Pro-forma profit and loss for three years – Show for each year, total net sales, gross margin, salaries and wages from manning table, fringe benefit costs, other operating expenses, selling and administrative costs, gross profit (before taxes), net profit (after taxes) available to repay debt.