**BUSINESS PLAN GUIDELINES**

Every business can benefit from the preparation of a carefully written business plan. The purpose of the business plan is to:

1. Help you think through the venture and ensure you have considered all your options and anticipated any potential difficulties.
2. Convince lenders and investors that you are in control of the project and that their money will be safe with you.
3. Serve as an operating guide as you turn your idea into a viable business.

The following pages provide a suggested outline of the material that should be included in your business plan. The final product should be tailored to fit the circumstances and personality of you and your business.

**BUSINESS PLAN OUTLINE**

1. **Cover**: Name, address, and phone number of business. Give your plan a businesslike appearance by typing on high quality paper and putting it in a vinyl or cardstock binder or a three ring binder.
2. **Title Page**: Repeat the business name, address, and phone number, and add the name and addresses of the principal owners. Also, show the date of issue of the plan.
3. **Executive Summary**: A brief one-page statement of the business plan objectives. Address the following questions and add additional information that will help you achieve your goals. (You may choose to write this page last).
4. What is the purpose of the plan? Will it be used as an operating guide and/or a financing proposal?
5. What business structure have you chosen (i.e., sole proprietorship, partnership, corporation, s-corporation)?
6. Who are the principals and what are their proportions of ownership?
7. Why will the venture be successful?
8. Who is requesting the funds and how much is needed?
9. What will the money be used for?
10. How will the funds be repaid?
11. What collateral will be offered to secure the loan?
12. Why does a loan or an investment make sense? (Impact on local economy, job creation, increased tax base, investment in the future of the community)
13. **Table of Contents**: Show major topics and page references.

E. **Description of the Business:**

a) What business are you in? What is the nature of the product or service? What will be special about your business?

b) What market do you intend to serve? What is the total market, and what is your expected share?

c) How can you serve the market better than your competition?

d) Present status of the business: start-up, expansion of an ongoing concern, take-over of an existing business.

e) If you will be doing any contract work, what are the terms?

f) Do you have any letters of intent from prospective suppliers?

g) What will be the name of the business?

For existing business:

h) What is the history of the business?

i) Why does the owner wish to sell at this time?

j) It the business is going downhill, why? How can you turn it around?

k) How will your management make the business profitable?

l) What is the purchase price formula? Give breakdown for building, improvements, equipment, inventory and goodwill.

m) Is your business name registered with the secretary of state?

n) State how you will be affected by local zoning regulations.

o) What other licenses or permits will you be required to obtain?

F. **Business Location**:

a) What is your business address and why did you choose this location?

b) Will the building be leased or owned?

c) What are the terms and length of the lease contract?

d) What renovations will be needed and at what cost?

e) Describe the neighborhood (stable, changing, improving, deteriorating). Are demographic shifts occurring?

f) What other kinds of businesses are in the neighborhood?

g) How much can your business expand before you will be forced to move or add on to the present building?

h) What kind of space will you need?

G. **The Market**: Generally explain who needs your product or services and how you plan to reach them.

a) What is the present size and growth potential of the market?

b) What percent of the market will you have now and in the future?

c) Describe age, sex, occupation, lifestyle, income, etc. of your various market segments.

d) How did you determine your target market?

e) How will you attract and keep your segment of the market?

1. product quality

2. price

3. public relations

4. personal selling

f) What features or services will you offer that will justify your price?

g) How will you handle credit sales?

1. extend your own credit

2. accept major credit cards

h) What legal factors or environmental factors might affect your market?

i) What media tools will you use for promotion and why?

H. **Competition**: Briefly describe your competition and tell how their operations are similar and dissimilar to yours. What is you unique selling proposition and how will you use it to control your market?

a) Who are your competitors? List names and addresses.

b) How many years have they been in business?

c) What is their market share?

d) What is their pricing strategy?

e) What are their unique features?

f) What are your strengths and weaknesses?

g) What are their strengths and weaknesses?

h) What is your niche?

I. **Pricing and Sales**:

* Retail cost and pricing
* Competitive position
* Pricing above or below competition
* Multiple Pricing
* Pricing for service

J. **Management**:

a) What is your business management experience?

b) What education have you had, including both formal and informal courses that contribute to your management abilities?

c) Are you physically suited to the job?

d) Do you have direct operational and/or management experience in this type of business?

e) Describe your organizational structure and include a brief description of who does what?

f) List proposed salaries and wages.

g) What other management resources will be available (accountant, lawyer, SBDC)

h) Insurance: Describe your potential business risks and tell what insurance coverage you will purchase to protect yourself. Gather quote and submit with supporting documents.

i) Who are your suppliers and what arrangements have you made with them?

K. **Personnel**: Write a paragraph or two about your personnel needs.

a) What are your anticipated personnel needs?

b) What skills must your employees have?

c) Can you use part time help to meet changing business volume?

d) Will you have to train people and at what cost?

L. **Financial Data**:

1. Source and application of funds statement.
2. Capital Equipment list.
3. Current balance sheet and income statement (less than 90 days old).
4. Break-even analysis.
5. Projected income statement, detail by month first year, detail by quarter second year, notes of explanation and assumptions.
6. Cash Flow projections, detail by month first year, detail by quarter second year, notes of explanation and assumptions.
7. Projected Balance Sheet.
8. For an existing business, income statement, balance sheets and/or tax returns for past three years.

**Note:** If yours will be a seasonal business, make sure seasonality is reflected in your narrative and financial projections with appropriate footnotes.



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