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Business Plan Outline – Template

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**2nd** – *The operations plan should be based on the capabilities needed to satisfy customer needs.*

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**1st** - *The business plan should flow from a strong understanding of the market and customers.*

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# EXECUTIVE SUMMARY

# The executive summary is the first thing you see but it is the last thing you write. The executive summary will include the name and location of your business, the total cost of your project, how much you (the owner) are putting into the project and what you are asking the lender or investor to put into the project. You will then summarize your market, operations, feasibility and management team experience. This one page summary will also include financial ratios from your financial projections. The summary will be the first thing that the lender reads and from this, they will determine if they want to continue reading about the project.

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**MISSION, VISION AND VALUES**

1. The values of your business are the “how” you will do business and how you will work with your key stakeholders-vendors, customers, employees, partners and referral sources. List the three or four core values of your business and describe what they mean to you. If you have not thought of this, start with three or four of your personal values and how they would translate into your business.

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1. The mission is the “what” of your business. This relates to customer relations as opposed to the profits you will make. The mission statement should be simple and no more than two short sentences.

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1. The vision is the “why” of your business. This is the long-term strategic goal that you have for your business. Why are you in business?

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# BUSINESS DESCRIPTION

1. What is the name of the business?

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1. Where is the business located?

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1. Who owns the business?

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1. What is the legal structure (Sole proprietor, Partnership, LLC, Sub-S or C-Corporation) of the business? How is the name of the legal structure different from the name of the business? Who is involved in the legal structure of the business and what percentage of the business does each own?

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1. What is the stage of your business? (New start, expansion, acquisition)

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1. What industry sector is your business in (manufacturing, retail, wholesale, service or a combination)? What is the North American Industrial Classification System (NAICS) code for your business? If you are not sure, check this website:

<http://www.census.gov/eos/www/naics/>

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1. What are the products and services your company offers? List the top six or eight and then describe each fully in an easy to understand, non-technical format.

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1. What major strengths do you and your team bring to the business? What are some of the challenges you face in this business and how will you overcome them?

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1. What are realistic goals for the first six months, year and two years of your business?

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# OPERATIONS PLAN

1. Where is your business located and how does this location impact your ability to reach customers and their ability to find you? What are the physical characteristics of the current or proposed location? Include a sketch of your floor plan so that the reader can visualize the layout of your business.

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1. What are your days and hours of operation? How are customers able to reach you after hours?

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1. If you have a physical facility, discuss its condition and any required changes. Be sure to consider the following items as appropriate:
	1. Vehicle access for customers and suppliers
	2. Inventory storage
	3. Equipment, fixtures and furniture
	4. Electricity, heat, air conditioning, venting and wastewater
	5. Merchandise display
	6. Customer seating
	7. Product preparation space
	8. Compliance with current environmental regulations
	9. Capability for expansion
	10. Parking
	11. Customer visibility
2. If you don’t have a physical facility, what is the flow of your business? What is your business model? How do you bring value to your client?

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1. What are your sources of supply for equipment, inventory and general supplies? Lenders like to see that you do not depend on a single supplier and have supplier alternatives.

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1. What skills and experience are required to operate this business and perform the job duties required in your business? How do you find this skilled personnel and what is their availability in the local workforce? How do you attract, retain and compensate them?

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# MARKET ANALYSIS

1. What are the current trends and outlooks for your industry or field of business? What does someone need to know to understand your market? What preconceptions or concerns (valid or not) are they likely to have? At what stage of the product/service life cycle will your business be entering the market? (Introduction, growth, maturity, saturation, or decline) What is your market’s growth potential?

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1. The target market is that segment of the total market that is comprised of those customers that comprise 80% of your business. You need a clear understanding of your demographic segments in your target market. Describe the economic, social, demographic and political characteristics of this market and their impact on your business. What are your primary and secondary markets?

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1. Market Share: What is the size (dollars, customers) of your target market? What will your share of the market be? How can you attain, keep and expand your market?

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1. Client Profile: Identify these customer profiles by age, income, education, sex and geographic location. As closely as possible, identify data such as their likes, dislikes and tendencies that affect their purchasing patterns. How can you use this information to develop a strategy to attract and maintain customers from these target market segments?

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1. What is the demand for your product or service? What signed contracts, letters of interest, or commitments do you have? What does the industry and market research data say about the feasibility of your product and/or service? Discuss the feasibility of your business based on your research such as industry statistics, industry trends, and customer profiles.

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1. Who are your primary and secondary target market areas? Your primary competitors are those that are in the same line of business. Secondary competitors are those that provide alternate ways of satisfying that same customer need. What have you learned about your competitors by observing them? What are their strengths, weaknesses, opportunities, and threats?

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1. How will you differentiate your product or service in the marketplace? What is your value proposition (your competitive advantage)? What unique niche of the market does your business fill? Who has attempted to fill this niche before and what has happened to them and why? What is your business’ advantage? What is your advertising message? After your market research, does this change your value proposition?

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1. For existing businesses, discuss your sales history and how proposed changes will affect your sales.

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# SALES STRATEGY

1. How do you price your product and/or services? What is the relationship between the price you will charge and the image of the business you are trying to create? What is your customer’s perception of your business? How will you price? (Mark ups, discounts, labor/materials + profit, etc.)

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1. How and when do you get paid for your products and services? What forms of payment do you accept?

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1. Describe the channels of distribution you use to reach your target market with your products and services. How does the competition get its products and services to the market? Describe how the product will be available **when** and **where** the customer wants it.

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1. What advertising and marketing avenues do you use to reach your target market? Prepare estimated monthly advertising and marketing costs that are a part of your financial projections. How do your advertising and promotional efforts reflect the image of your business and your position in the marketplace?

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1. What is the image of your business based on your customer service? How do you train your staff in product knowledge and service? What complementary products and/or services do you offer? What is your individual and your business’ involvement in the community? Will you use press releases?

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1. What customer conveniences do you offer at a fee or no fee? Delivery, free parking, easy access, telephone orders, hours of operation, etc.

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# MANAGEMENT PROFILE

This section is designed to sell the reader on the capabilities and qualifications of the management team that make the business a success.

1. Who are the principal owners of the company? Write a profile on each one describing their business background, industry experience, management experience and both formal and informal education. Relate their past experience to their potential for their future success. You will also need to attach a resume or letter of recommendation for each person. Write a similar profile on all key personnel in the venture (this can be shorter than one page).

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1. Prepare an organizational structure chart and show the authority and tasks of each person.

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1. Prepare job descriptions of personnel as needed. If not previously done, describe the salaries and pay of personnel.

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1. What are the available resources to assist the owners with management, marketing and finance? These would include legal representation, accountant or CPA, insurance professionals, SBDC or other advisors. List any industry association, other professional organizations, trade organizations or business groups such as chambers of commerce that you are associated with or will join in the near future.

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# Financial Analysis

1. The following is a list of items that a lender or investor will ask for. These items will be covered in detail in our Business Plan Financials workshop.
2. **PROJECT COSTS** – How much will it cost you to open your doors? These figures should be reflected in the pre-startup column of your cash flow statement. Allow enough working capital for expenses during the early period.
3. **SOURCE AND USE OF FUNDS** – Of the total money you've identified for starting the business, how much are you contributing, and how much comes from the financial institution or investor? What are the monies being spent on?
4. **ASSUMPTIONS** – Explains and justifies income, expense, and cash flow projection figures.
5. **PRO FORMA PROFIT AND LOSS STATEMENT** (Income and Expense Statement) – Summarizes projected gross sales, cost of goods sold, expenses and profits.
6. **PRO FORMA CASH FLOW STATEMENT**
	1. What is the seasonality of your business?
	2. How do your inventory purchases, advertising expenses, personnel costs and other variable costs reflect this seasonality?
	3. How does the business sustain itself over slow sales periods?
	4. What is your ability to repay the debt of a loan and still survive?
	5. *Most financial institutions will require a three year cash flow projection and some will also ask for best, most likely, and worst case scenarios.*
7. **PRO FORMA BALANCE SHEET** - Summarizes projected assets, liabilities and net worth
8. **CAPITAL EQUIPMENT LIST** – What major and minor equipment do you use in the business? What are the make and model numbers, who will you buy it from, what will it cost, will it be new, used or leased? Prepare a chart to show this.
9. **PERSONAL FINANCIAL STATEMENT**
	1. Personal balance sheet
	2. Personal cash flow statement
	3. What has been the effect of your personal financial decisions?
	4. What resources will you call upon if business cash flow is poor?
	5. How much cash do you have available to put in to this business?
	6. What assets do you own that can be used as collateral for the loan? List assets and their values.
	7. What has been your credit history and what is your current credit situation? Not sure? To find out, go to [www.annualcreditreport.com](http://www.annualcreditreport.com).
10. **PERSONAL INCOME TAX RETURNS** (last three years) - Required for financial proposals
11. **BUSINESS FINANCIALS** (Last three years of existing business or business you will purchase) - Profit and Loss Statement, Balance Sheet and Income Tax Returns
12. **BUSINESS FINANCIALS** – Year-to-date profit and loss statement and balance sheet (of existing business or business you will purchase)