**BUSINESS PLANNING OUTLINE**

To create a business plan write out the answers to each of he following questions

**SECTION I: STATEMENT OF PURPOSE**

* A brief (one paragraph) statement of the business plan objectives.

In General:

* What is the purpose of this plan? Will it be used as an: operating guide? financing proposal?
* What is the business structure (i.e., sole proprietorship, partnership, corporation, Subchapter S corporation)?
* Who are the principals?
* What is to be done?
* Why will it be successful?

For A Financing Proposal:

* Who is asking for money?
* How much money is being requested?
* What is the money needed for?
* How will the funds benefit the business?
* How will the funds be paid?
* Why does the loan or investment make sense?

**SECTION II: DESCRIPTION OF THE BUSINESS**

* What the business is (or will be); primarily merchandising, manufacturing, or
* service?
* What is the nature of the product(s) or service(s)?
* What market you intend to service, the size of the market, and your expected share;
* Why you can service that market better than your competition;
* Why you have chosen your particular location;
* What management and other personnel are required and available for the operation;
* Why your investment or someone elses money (debt/equity) will make your business profitable.
* Status of business: start-up, expansion of a going concern, or a take-over of an existing business?
* What is the business form: sole proprietorship, partnership, corporation?
* Who are the customers?
* Why is your business going to be profitable?
* When will (did) your business open?
* What hours of the day and days of the week will you be in operation?

FOR A NEW BUSINESS:

* Why will you be successful in this business?
* What is your experience in this business?
* Have you spoken with other people in this kind of business? What was their response?
* What will be special about your business?
* Have you spoken with prospective trade suppliers to find out what managerial and/or technical help they will provide?
* Have you asked about trade credit?
* If you will be doing any contract work, what are the terms? Reference any firm contract and include it as a supporting document.
* Do you have letters of intent for prospective suppliers of purchases?

FOR A TAKE-OVER:

* When and by whom was the business founded?
* Why is the owner selling it?
* How did you arrive at a purchase price for the business?
* What is the trend of sales?
* If the business is going downhill, why? How can you turn it around?
* How will your management make the business more profitable?

**SECTION III: THE MARKET**

* Generally explain who needs your product or service, and why.
* Who exactly is your market? Describe characteristics: age, sex profession, income, etc., of your various market segments.
* What is the present size of the market?
* What percent of the market wiVl you have?
* What is the market’s growth potential?
* As the market grows, does your share increase or decrease?
* How are you going to satisfy your market?
* How will you attract and keep this market?
* How can you expand your market?
* How are you going to price your service, product, or merchandise to make a fair profit and, at the same time, be competitive?
* What price do you anticipate getting for your product?
* Is the price competitive?
* Why will someone pay your price?
* How did you arrive at the price? Is it profitable?
* What special advantages do you offer that may justify higher price (you don’t necessarily have to engage in direct price competition)?
* Will you offer credit to your customers (accounts receivable)? If so, is this really necessary? Can you afford to extend credit? Can you afford bad debts?

**SECTION IV: COMPETITION**

* Who are your five nearest competitors? List them by name.
* How will your operation be better than theirs?
* How is their business: steady? increasing? decreasing? Why?
* How are their operations similar and dissimilar to yours?
* What are their strengths and/or weaknesses?
* What have you learned from watching their operations?

**SECTION V: LOCATION OF THE BUSINESS**

* What is your business address?
* What are the physical features of your building?
* Is your building leased or owned? State the terms.
* If renovations are needed, what are they? What is the expected cost? Get quotes in WRITING from more than one contractor. Include quotes as supporting documents.
* What is the neighborhood like (stable, changing, improving, deteriorating)? Are there other special permits or licenses you may need?
* Does the zoning permit your kind of business?
* What kind of businesses are in the area?
* Have you considered other areas? Why is this one the desirable site for your business?
* Why is this the right building and location for your business?
* How does this location affect your operating costs?

**SECTION VI: MANAGEMENT**

* What is your business background?
* What management experience have you had?
* What education have you had (including both formal and informal learning experiences) which have bearing on your managerial abilities?
* Personal data: age, where you live and have lived, special abilities and interests, reasons for going into business?
* Are you physically suited to the job? Stamina counts.
* Why are you going to be successful at this venture?
* Do you have direct operational experience in this type of business?
* Do you have managerial experience in this type of business?
* Do you have managerial experience acquired elsewhere - whether in totally different kinds of businesses, or as an offshoot of club or team membership, civic or church work, etc.?
* Who does what? Who reports to whom? Where do final decisions get made?
* What will management be paid?
* What other re-sources will be available (accountant, lawyer)?

Note: A personal financial statement must be included as a supporting document in your plan if it is a proposal for financing. Include your resume as a supporting document.

**SECTION VII: PERSONNEL**

* What are your personnel needs now? In the near future? In five years?
* What skills must they have?
* Are the people you need available?
* Will your employees be full or part-time?
* Will you pay salaries or hourly wages?
* Will you provide fringe benefits? If so, what? Have you calculated the cost of these fringe benefits?
* Will you utilize overtime?
* Will you have to train people? If so, at what cost to the business (both time of more experienced workers and money)?

**SECTION VIII: LEGAL STRUCTURE**

* Describe the legal structure that will house the business (corporation? LLC?)
* If investors are to be given an equity ownership interest in the venture describe the vehicle for giving them that ownership interest (preferred stock, common stock, an LLC membership interest.
* If the initial entrepreneurs want to continue controlling management after the investors have been given an equity interest the the company, how will that be accomplished.

**SECTION IX: APPLICATION AND EFFECT OF LOAN OR INVESTMENT**

* How is the loan or investment to be spent? This can be fairly general (working capital, new equipment, inventory, supplies).
* What item or items will be purchased?
* What is the specific model name and/or number of your purchase(s)?
* Who is the supplier?
* What is the price?
* How much did you (will you) pay in sales tax, installation charges and/or freight fees?
* How will the loan or investment (your own or others) make your business more profitable?

**SECTION X: SPREADSHEET ATTACHMENTS (download bus-planner.xls)**

* Sources and Applications of funding
* Capital Equipment List
* Balance Sheet
* pro forma profit and loss statement
* Breakeven Analysis
* Pro Forma Cash Flow Statements