

BUSINESS PLAN GUIDELINES

Every business venture can benefit from the preparation of a carefully written business plan. The purposes of a business plan are to:

1. Help you think through the venture and ensure that you have considered all your options and anticipated any potential difficulties.
2. Convince potential 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 ideas into a viable business.

The following pages provide a suggested outline of the material that should be included in your business plan. Start with section 5 and write at least a paragraph to answer each question that applies to your business. Sections 1 through 4 may be written last. The final product should be tailored to fit your business circumstances and personality.

BUSINESS PLAN OUTLINE

1. **Cover:** Name, address, and phone number of business. Give your plan a business-like appearance by typing it on high quality paper and putting it in a vinyl or cardstock binder or a three-ring notebook.

2. **Title Page:** Repeat the business name, address, and phone number, and add the names and addresses of the principal owners. Also, show the date of issue of the plan and type "copy number ___" so you can number and control the copies.

3. **Executive Summary:** A one-page summary that is located at the beginning of a business plan. It should be the LAST section you write because it is a "snapshot" of the entire plan.

It describes:

- A. Business structure (i.e., sole proprietorship, partnership, C corporation, S corporation, limited liability company)
- B. Experience and skills of the principals
- C. Industry and target market(s)

It explains:

- A. Why the venture will be successful?
- B. The amount of funding needed.
- C. What will the money be used for?
- D. The amount of money each principal is investing.

For a financing proposal:

- A. Who is requesting the funds and how much is needed?
- B. What will the money be needed for?
- C. How and when will the funds be repaid?
- D. What collateral will be offered to secure the loan?

4. **Table of Contents:** A single page showing major topics and page references.

5. **Description of the Business:** Answer as many of the following questions as appropriate:

- A. Type of business: primarily merchandise, manufacturing, or service
- B. List product(s) and /or service(s)
- C. What market do you intend to serve?
- D. What will be special about your business?

If buying a business:

- A. What is the history of the business?
- B. Why does the owner wish to sell at this time?
- C. If the business is going downhill, why? How can you turn it around?
- D. How will your management make the business more profitable?

- E. What changes do you plan to make in the business?
- F. What is the purchase price formula? Give breakdown for building, improvements, equipment, inventory, and goodwill.

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

6. Business Location:

- A. What is your business address and why did you choose that location?
- B. Will the building/property 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 (e.g., stable, changing, improving, deteriorating).
- 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?

7. Licenses and Permits:

- A. State how you will be affected by local zoning regulations?
- B. Check with your City, County and State agencies to determine what is required.

8. Management:

- A. What is your business, industry and management experience and education?
- B. Describe your management team:
 - 1) Management staff – background and experience
 - 2) Board of advisors
- C. Describe your organizational structure and include a brief description of who does what.
- D. What other management resources will be available (accountant, lawyer, SBDC)?

9. Operations:

- A. Describe your day-to-day operation; how your work is completed.
- B. Describe your anticipated personnel needs and skills that employees must have.
- C. Who and where are your suppliers?

10. Insurance: Describe your potential business risks and explain what insurance coverage you will purchase to protect yourself and your business.

11. The Market: Generally explain who needs your product or service and how you plan to reach your customers.

- A. Industry
 - 1) Current trends
 - 2) The state of the economy
 - 3) Expected future industry trends or changes
- B. Customers
 - 1) Describe target markets
 - 2) How will you attract each target market?
 - a) Product / Service
 - b) Price
 - c) Place
 - d) Promotion
 - e) Persuasion—personal selling abilities
 - f) What features and benefits will you offer to justify your price?
- C. Competitors
 - 1) Briefly describe your competitors and their operations
 - a) How many are there and where are they located?
 - b) How well established are they?
 - c) What is the basis for competition in the industry (i.e. price, quality, promotion, service)?

- d) How is the competition likely to react to your entry into the market?

D. Marketing Strategies

- 1) Describe your advertising/promotion plan and process for tracking performance.
 - a) Web site / social media
 - b) Newsletter / e-newsletters
 - c) Publicity, press releases
 - d) Media advertising (TV, radio, newspaper, Internet)
 - e) Direct mail campaigns
- 2) Provide details on how you sell, distribute, and service your product/service

13. **Financial Data Requirements:**

- A. Personal Financial Statement
- B. Personal tax returns for the last 3 years
- C. Source and application of funds statement
- D. Cash flow projections:
 - 1) Detail by month for Years 1, 2 and 3
 - 2) Notes of explanation and assumptions
- E. Projected balance sheet/income statement (if applicable)

If buying a business:

- A. Current balance sheet and income statement (less than 90 days old)
- B. Income statements
- C. Balance sheets
- D. Tax returns for past three years

14. **Supporting Documents:**

- A. Personal resumes for all principals
- B. Personal financial statements for all principals
- C. Letter of reference

- D. Letters of intent from prospective suppliers or customers
- E. Copies of all leases, contracts, or agreements, deeds, or other legal documents
- F. Any other information that might help your cause or answer potential questions

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