

Planning for Success

Writing a Business Plan

According to the Small Business Administration, 50% of businesses fail in the 1st year and 80-90% fail with 5 years as a result of not properly planning out their business. Whether a company is a start-up or an experienced business looking to expand, a well thought out business plan is crucial. Although there is no single formula for developing a business plan, some elements are common to all business plans. A business plan is used as a learning tool, a communication tool, a management and planning tool, and a leadership tool.

Learning Tool
What is the business? Where is the business going? How is the business going to get there? Does the business have the potential to make money? What are the key success factors of the business?
Communication Tool
It helps clarify and communicate the goals and objectives for the business Gain strategic business partners Acquire investment capital/ strategy to pay it back Attract key employees

Management and Planning Tool
Guide management through various stages of the business Help identify major road blocks/ obstacles that could arise Establish timelines and benchmarks for evaluating the business Evaluate plan vs. actual performance of the business Assign priorities and manage resources
Leadership Tool
Helps recognize potential threats and new or future business opportunities Promotes intentional business actions vs. reactionary business actions.

Business Plan Outline
Table of Contents Executive Summary/ Business Objective General Business Description Marketing Plan Operational Plan Management Plan Financial Plan Supporting Documents

Executive Summary
Usually 1 page or less Outline of the business objective Brief summary describing the company's product and services Unique selling opportunity Short description of key management members Outline of the investment needed to start or expand the business including why, how, and when it will be repaid
Marketing Plan
Who is your best customer? What do they want or need? Know your customer's likes, dislikes, and expectations Demographics and psychographics (age, sex, income/educational level, residence, etc.) How will you fulfill your customer's wants or needs
Management Plan
Who will be on your management team? What are their strengths and weaknesses Are their duties clearly defined? What is the current personnel needs What is managements' plans for hiring and training What salaries/ benefits/ vacations/ holidays offered?

Business Description
Legal Description – business form Business type – retail, manufacturing, service What is the business product or service? New business, acquisition, franchise Why will the business be profitable? When will the business be open Location of the business Market research regarding the business
Operational Plan
Key operations of the business (Cost, delivery, invoicing, inventory, suppliers) Business processes and systems Employee training and procedures Equipment/tools necessary for the business to operate Facility layout and access
Financial Plan
Explain how and when the business will be profitable Financial Statement (Income Statement, Cash Flow, Balance Sheet) Explain how/ when you will pay back financing received. One time costs for start-up or expansion of the business Breakeven analysis

Supporting Documents
Tax returns of principals for last three years Personal financial statement (all banks have these forms) For franchised businesses, a copy of franchise contract and all supporting documents provided by the franchisor Copy of proposed lease or purchase agreement for building space Copy of licenses and other legal documents Copy of resumes of all principals Copies of letters of intent from suppliers, etc.