



## ESSENTIAL ELEMENTS OF A BUSINESS PLAN

A completed business plan should identify the expectations you have for your new or existing business and should tell “the tale” of your business to a potential lender. The plan is a stand-alone document because, when completed, all business issues should be addressed without requiring additional explanation. The plan is a living document and should be reviewed and changed as regularly as your plans and strategies change. These 10 elements are a guide to formatting and writing the plan:

### 1. The Executive Summary

This is the first element of your plan but is written last. It tells who you are, explains your vision and your strategy, what you are doing or proposing to do, the market, the capital you need and what you’ll do with it and your competitive advantage. In short it is the business plan in miniature and the reader, when finished, should be able to explain to someone else what you are all about.

### 2. The Company

Cover the company name, licenses needed, ownership, legal structure, and a description of your product or service and what you plan to do with it (service, retail, wholesale, or manufacturing). Address company location, space needed, ownership of the space, whether this is a start up, an expansion or purchase of an existing business. Describe the company goals and objectives and any planned changes.

### 3. Market Analysis

Discuss your target market, market segments and customers in these segments. Address your penetration of the market, translate that into potential revenue over three years and state whether your revenue share will increase or decrease with market growth. How you will price your service or product to make a fair profit and be competitive. Why will a customer pay your price.

### 4. Products and Services

Describe the products and service offerings, the customers they address and the value they bring to the customers in terms of customer pain. Describe why your product or the way you’ll present it gives you the advantage over your competitors. Also address how you’ll source your products and raw materials if you will be manufacturing product.

### 5. Business Strategy and Implementation

Explain how you will gain access to the marketplace. Will you advertise or attend trade shows. Will you have a web site and how are you going to publicize it.

### 6. Competition

Who are your five nearest competitors by name and how will your operation be better than theirs. Is their business steady, on the increase or decrease and why. What are their strengths and weaknesses and how is your operation similar or different. How will you maintain a future watch on your competition.

### 7. Operations

How will you produce or deliver your product or service. What is your credit policies and how will you collect due monies. How many employees will be required, what skills will be needed and how will training be delivered. Also the relevant equipment and technology needed and the kind and level of inventory you will have to carry. Have you researched all legal and licensing issues that are relevant to this business. If you had to close the business, what is your exit strategy.



## 8. Organization

Who will have management responsibilities and include their relevant experience. Include the resumes of key managers as supporting documents. Include position descriptions for all key employees and list important advisors, such as attorney, accountant, banker, insurance agent, vendors, and advisory board members or board of directors. Include estimated financial costs and necessary services provided.

## 9. Financial Analysis

List an explanation of the assumptions you are using to arrive at the dollar value of all financial statements. Calculate start up costs including, leases, insurance, license cost and any amounts needed for renovation and equipment. Include financial history if this is an existing business or projections out to three years for a start-up. Include monthly profit and loss for the first twelve month and then quarterly figures for the following two years. Do the same with cash flow projections and include a current balance sheet and project balance sheets.

## 10. Supporting Documentation

Personal resumes, job descriptions, personal financial statements, credit reports, letters-of-reference, letters-of-intent, leases, other legal documents, market statistics and anything else that is relevant.