

BUSINESS PLAN GUIDE

A Business Plan is a written document which describes a business opportunity. Typically, a business plan contains four major sections plus attachments. The first section is a description of the business - its nature, legal structure, and history. The second section is the marketing plan which describes the targeted market, image, and promotion plan for the business. The third section contains information about the operations of the business, including employee management, financial management, and licensing requirements. The final section of the business plan includes cash flow projections and a list of assumptions/explanations supporting the cash flow. The number of attachments you include depends on the type of business and loan request.

A Business Plan serves two purposes:

1. It is the guide for the opening of a new business or the continued growth of an existing business.
2. It is required for obtaining a business loan.

The written business plan reflects your ability to plan and organize your business concept. While you are responsible for completing the business plan, your Maine SBDC Counselor (or other resource people) will provide guidance and technical assistance with its completion.

You may be thinking “Why should I spend my time writing a business plan? What’s in it for me?” Most businesses fail in their first two years, largely due to poor business planning. You can increase your chance of success through your planning efforts. It’s as simple as that. The better you plan, the better your chance for success.

A lender uses the business plan to evaluate the feasibility and viability of the business idea and the applicant’s business ability. Information from the plan indicates the applicant’s depth of business knowledge, ability to assess the market and financial data. The business plan is the single most important document in the loan package. However, each lender is likely to ask you to complete a loan application.

On the following pages is an outline to follow when writing your business plan. Title each section of your business plan as indicated and, in your own words, answer the questions listed under each section. Each question can be the start of a new paragraph. If a question does not apply, explain why it does not apply.

SAMPLE

BUSINESS PLAN OUTLINE
Cover sheet

BUSINESS PLAN FOR
COMPANY NAME

OWNER'S NAME

DATE

Business Plan Summary

(The business plan summary is a simple overview of your entire business plan. It should be written last, but inserted in the front of your business plan. If you write your summary first, you will tend to put more information than needed in this section.)

Paragraph 1: Summarize the description of your business.

Give the name and address of the business; name and address of the owner(s); type of business, your product or service; the amount of money needed and the purpose of the loan.

Paragraph 2: Summarize your marketing plan.

Describe the potential market - who are your customers; how and where will you sell your products. Describe your competition, and your competitive advantage that will attract customers to your business rather than to your competitors.

Paragraph 3: Summarize your organization plan.

Describe how you will manage the business with regard to your employees and finances.

Business Description

1. Describe the nature of your business; what are your products/services.
2. Discuss the history of the business if an existing business, or how the idea developed if a new business.
3. What is the legal structure of the business - sole proprietor, partnership, or corporation?
4. Discuss your past work experience and how it will help you with this business.
5. Discuss your reasons for believing the business will succeed.

Marketing Plan

1. **Marketplace**
 - a. **Products**

What customer need or want are you filling?
What are your products/features/benefits?
How will you make your product?
Who will supply you with the materials?
What future products will you offer and when?
 - b. **Distribution**

How will you distribute your products?
 - c. **Industry**

What is happening in your industry?

- d. **Customers**
What does your customer profile look like?
How many customers will you have?
What information do you have that supports the feasibility of your idea?
What is the growth potential for the business?
- e. **Competition**
Who are your main competitors?
What are their strengths and weaknesses?
- f. **Position in the marketplace**
Where will you locate in the marketplace?
What is your competitive advantage - Why will the customer buy from you rather than from the competition?
- g. **Image/Packaging**
What will your packaging look like?
What do your business cards and promotional materials look like?
Where will your office/store be located, and why did you choose this location
- h. **Pricing**
How will you determine your price?
How does your price compare to the competition?

2. **Marketing Goals**

- a. What is your dream - what direction do you want your business to go - what are your goals?

Example goals:

I want to start a successful business.

I want to expand my existing market share.

I want to add a new product to my product line.

- b. What are your objectives for each of your goals? Are they realistic, measurable, and time oriented?

Example objectives:

I want to have a 10% profit margin in 12 months.

I need to increase sales by 50% in 24 months.

I want to develop one new product within 18 months.

3. **Marketing Strategy**

- a. What promotion plan have you developed to help you achieve your objectives?

Management Plan

1. Describe who will do what in the business including their duties and qualifications.
2. Will you need employees? If so, how many and what will their duties be? Who will hire, train and supervise them? What will it cost the business?
3. What will you and your employees' salaries be for the first 2 years?
4. Discuss any specialist or consultant (i.e. lawyer, accountant, etc.) you will use and the assistance each will provide.
5. Describe how you will manage your record keeping, inventory, and finances.
6. Discuss any licenses, permits, or regulations that affect your business. How will you comply with them?
7. Do you have to collect sales tax? If so, do you have your sales tax number? When are you payments due?
8. What types of insurance (i.e. general liability, product liability, professional liability, commercial auto, workers compensation, etc.) will you need?
9. What types of payments will you accept (i.e. cash, check, credit cards, house accounts, etc.)?
10. What contingency plans have you made?

Financial Plan

1. **Cash Flow Projections** with list of assumptions/explanations supporting your projections - a month by month projection of sales and expenses for a 2 year period.
2. **Financial Statements** - for existing businesses
 - Balance Sheet
 - Profit and Loss Statements
3. **Personal Financial Statements**
 - Balance Sheet or Net Worth Statement
 - Monthly Income and Expense Statement (Monthly Budget)

Attachments

1. Two years of personal tax returns (if requesting a loan)
2. Two years of business tax returns (if applicable and requesting a loan) with all supporting schedules.
3. Resumes
4. Market studies
5. Articles from magazines/newspapers
6. Photo/sketches of product/service
7. Copy of Leases (if applicable)
8. Contracts
9. Letters of intent to do business with or purchase products/service
10. Brochures, business cards, stationery and other promotional material

Attachments are items that provide information to enhance the business plan and financial statements. The attachments become part of the loan package presented to the Loan Officer.