Business Plan Basics

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Business Profile

- Description of the Business
  - Describe your service or product
- Target market and Customers
  - Describe your customer profile and why your customers want and need your services or products
- Growth Trends
  - Is the market for your product growing or shrinking?
- Pricing Power
  - Explain the unique qualities or circumstances concerning your product or service that will enable you to maintain profitable pricing.
The Vision and the Team

- Describe convincingly that you are passionately committed to your new business and have the realism to make inevitable hard choices.

- Summarize number of years of experience in this field.
  - Describe your work experience in the business you plan to start including a list of your skills and knowledge, which will be required in your business.

- Background and educational credentials of you and your team
  - Describe yourself, including your education.
Communication

- Computer and Communications Tools
  - Furnish a tabulation of each piece of equipment you intend to use including a description and the budget for each. You can use the following as a guide.

- Communications
- Telephones
- Facsimile/E-fax
- Computers
- Internet
Organization

- Business Organization
  - Explain the form of business organization you intend to use and why it is best for your business.

- Professional Consultants
  - List the names of your lawyer, accountant, insurance agent and any other professionals.

- Licenses
  - List what licenses you will require to go into business.
License, Permits, and Business Names

- List the following:
- DBA: List the name you intend to do business as
- Zoning: Indicate if the zoning if appropriate for your intended office location
- Licenses: List the appropriate licenses you will need at the local, state, and federal level
- Trademark: Indicate your trademark intentions if any exist
- Sellers Permit: List any sellers permits that you may need
- EIN: Indicate if you will obtain an employers identification number
Insurance

- List the forms of insurance coverage including costs are anticipated.
  - Liability
  - Workman’s Compensation
  - Medical
  - Disability
  - Life
Premises

- Outline your location criteria.
- Space requirements
- Future requirements
- Site analysis study if needed (attach)
- Demographic study if needed (attach)
- Lease check-off list (attach)
- Estimated occupancy cost as a % of sales
- Zoning and use approvals
Accounting and Cash Flow

• Accounting
  • Furnish, as a separate exhibit of your starting balance sheet and projected income statements for the first six months to one year.

• Cash Flow Planning
  • Provide a separate exhibit of your one year cash flow analysis including estimated sales, all costs and capital investments. Provide a checklist of all expense items for input into your cash flow projection.
Cash Flow con’t

• Analysis of Costs
  • What are all of my costs: fixed, variable, product, delivery, etc.

• Internal Controls
  • Explain your: Intended internal controls and cash controls, check signing policy, strategy for controlling shrinkage and dishonesty and control of incoming merchandise.
Financing Strategy

- Provide a chart or spreadsheet showing all of the sources of your start-up capital. Explain any government assistance or loan guarantee programs you intend to apply for.

- If your business is for use with potential lenders, include a cash flow projection and projected income statements to show sources of repayment of loans. Be conservative in your forecasts.

- List your sources of referrals to lending institutions. (Your accountant, etc.)

THERE ARE NO GRANTS FOR FOR-PROFIT BUSINESSES!
E-Commerce

- Plans
  - Describe in detail how you plan to use the Internet in marketing your product or service.

- E-Commerce Budgeting
  - Provide a detailed breakdown of the costs involved in creating, operating and maintaining your e-commerce activities.

- E-Commerce Competition
  - Describe how your best competitors utilize e-commerce and your strategy to improve on their practices.
Acquisition and Franchising

- List the following:
  - Your consulting team: Attorney, accountant, banker, broker, etc.
  - Verification of seller’s revenues: how you plan to authenticate.
  - Sellers records to be inspected: Financial statements, income tax returns, sales backlog, cash deposit records, utility bills, accounts payable and receivable, backlog, financial comparisons of similar businesses, etc.
  - Inspections and approval of leases and contracts.
  - Appraisals, as appropriate.
• If a franchise, interview with randomly selected franchisees.

• Finance plan for acquisitions: include sources including seller financing.

• Market conditions.

• Value of goodwill.

• Method of purchase: stock, assets, etc.
Marketing

- Marketing Plan
  - Describe your overall marketing and sales strategy including how you plan to get and retain customers.

- Advertising and Promotion Plans
  - Describe your plans and budgets for advertising and promotions.

- Purchasing and Inventory Control

- Training Policies
  - Describe your plans for hiring and training your sales associates.
The Competition
- Describe your strongest competitors and how you intend to compete.

How I Plan to Take Advantage of Competitors Weak Points
- List your competitor's shortcomings and how you can capitalize on
The Growth Plan

• Expansion
  • Describe your growth: You might include development of profitable pilot operation, sources of financing, cash flow, accounting system in place, incentive compensation plan for managers, benefits package and policies, economics of scale.

• Handling Major Problems
  • Describe scenarios of adverse conditions and how you intend to respond to them. For example how you would plan to handle a 25% reduction in sales, or new competitions, etc.
  • Prepare a cash flow projection based on lowered expectations and show how and where you would reduce costs to maintain liquidity.
Resources

- Entrepreneur Training Institute
  - www.myETInstitute.org
- Home-based Business Chamber of Commerce
  - 901-504-0692
- SCORE
  - www.score.org
- My Own Business
  - www.myownbusiness.com