

Business Services: Business Plan Basics

Writing the Plan

Consider the following before you begin writing your plan:

- What service or product does your business provide?
- What needs does it fill?
- Who are your potential customers?
- Why will they purchase from you?
- How will you market your product to reach your potential customers?
- Where will you get financing needed to start your business?

Business Plan Basics

A business plan serves as your company's resume. A good business plan is a crucial part of any loan application that provides specific information about your company and how you will repay borrowed money. The basic components include a current and *pro forma balance sheet, an *income statement, and a *cash flow statement. It also helps you allocate your resources, handle unforeseen complications and informs sales personnel, suppliers, and others about your operations and goals.

Writing the Plan

Although there is no single format for a business plan, some elements are common to business plans. Summarized in the following:

1. **Cover Sheet**
 - a. Name, address and phone number of the company
 - b. Name of owner(s) and titles
 - c. Month and year your plan was prepared
 - d. Name of preparer

2. **Executive Summary**
 - a. Legal Structure of the business
 - b. What is your company's objective and why will you be successful?
 - c. How much financing are you looking for and how will you repay the loan?

3. **Table of Contents**
 - a. **The Business**
 1. Description of the business
 2. Marketing plan
 3. Competition
 4. Operating Procedures
 5. Personnel
 6. Business insurance

 - b. **Financial Data**

1. Loan application
2. Capital equipment and supply list
3. Balance sheet
4. Pro-forma income projections (profit and loss statements) 3-year summary detailed by month, first year; detailed by quarters, second and third years. Assumptions which projections were based
5. Pro-forma cash flow

c. **Supporting Documents**

1. Tax Returns of principals for last three years
2. Personal financial statements from all principals
3. For franchised businesses, a copy of franchise contract and all supporting documents provided by the franchisor
4. Copy of proposed lease or purchase agreement for building space
5. Copy of licenses and other legal documents
6. Copy of resumes of all principals
7. Copies of letters of intent from suppliers, etc.