

BUSINESS PLAN

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

The following outline of a typical business plan can serve as a guide. You can adapt it to your specific business. Breaking down the plan into several components helps make drafting it a more manageable task.

INTRODUCTION

- Give a detailed description of the business and its goals.
- Discuss the ownership of the business and a legal structure.
- List the skills and experience you bring to the business.
- Discuss the advantages you and your business have over your competitors.

MARKETING

- Discuss the products/services offered.
- Identify the customer demand for your product/service.
- Identify your market, its size and locations.
- Explain how your product/service will be advertised and marketed.
- Explain the pricing strategy.

FINANCIAL MANAGEMENT

- Explain your source and the amount of initial equity capital.
- Develop a monthly operating budget for the first year.
- Develop an expected return on investment and monthly cash flow for the first year.
- Provide projected income statements and balance sheets for a two-year period.
- Discuss your breakeven point.
- Explain your personal balance sheet and method of compensation.
- Discuss who will maintain your accounting records and how they will be kept.
- Provide "what if" statements that address alternative approaches to any problem that may develop.

OPERATIONS

- Explain how the business will be managed on a day-to-day basis.
- Discuss hiring and personnel procedures.
- Discuss insurance, lease or rent agreements and issues pertinent to our business.
- Account for the equipment necessary to produce your products or services.
- Account for production and delivery of products and services.

CONCLUDING STATEMENT

- Summarize your business goals and objectives and express your commitment to the success of your business.
- Once you have completed your business plan, review it with a friend or business.
- When you feel comfortable with the content and structure, make an appointment to review and discuss it with your lender.
- The business plan is a flexible document that should change as your business grows.

SOURCE: <http://www.sba.gov/>

For examples of business plans visit: www.bplans.com/samples/sba.cfm