



# **BUSINESS PLAN BASICS**

A Simple Guide To Writing  
Your Business Plan

**Executive Summary (Write this section last, Short and focused)**

Explain who you are, and what your business does or will do.

What is the business opportunity you are pursuing? (new or expanding – product or service)

How much money, total budget will you need?

How much of your own money will be invested? How much borrowed?

If applying for a loan, state precisely how you are going to use it, and how the money will make your business more profitable.

What is the target date to have this plan implemented?

**Business Description**

What business will you be in? What will you do?

What is the legal form of ownership: Sole proprietor, Partnership, Corporation, Limited liability corporation (LLC)?

Company Goals – Mission - Vision: Where do you see your business in the first year, in 3-5 years?

Business Philosophy: What is important to you in business? What factors will make the company succeed?

What do you think are your major competitive strengths? What “niche” are you taking that will help you to establish a place in the market?

**Management and Operations** (1-2 pages)

Provide a brief overview of the managing owner(s) qualifications for this business. Lenders want to know about your management experience. Attach details in a resume for each owner attached in the Appendix.

Who will do what functions? If it's just you, state that you will perform needed functions: buying, marketing, bookkeeping, customers, inventory, maintenance, etc.

Will you have employees? What will the functions/ job titles? What qualifications do employees need? What will you pay them? Training requirements?

Will you use outside professionals or family members to help?

Account is \_\_\_\_\_

Bookkeeper is \_\_\_\_\_

Attorney is \_\_\_\_\_

Bank is \_\_\_\_\_

Mentor/Advisor is \_\_\_\_\_

Family member's role in your business \_\_\_\_\_

Who will run the business is something happens to you \_\_\_\_\_

Does your business require any special licensing, bonding or regulations? Is your retail or production location zoned properly? What insurance do you have?

## **Marketing**

### **Industry Overview**

What do you know about the industry you're in? Is it growing? How is it changing? What is the industry/market like where you plan to operate your business?

### **Target Market**

Describe the "primary target market" for your business. This is your most important type of customer. What are their characteristics (age, gender, income, etc), where are they located? What other "secondary market groups" will you target?

If you are selling wholesale, describe your wholesale customer as well as the consumer who will purchase your product.

### **Competition**

List the major direct competitors.

Why will customers choose you?

### **Promotion/Advertising**

How will you get the word out to customers? (Advertising strategy, trade shows, a website, brochures, business cards, direct mail, other media, etc.) Include the cost in your budget with relevant dates.

How will you stay in touch with your best customers? E-mail list, direct mail, etc.  
You will need to include a promotion/advertising budget for your financials.

### **Pricing**

What does your product or service cost you? How did you decide on your prices? Does your pricing fit your market? How do your prices compare to your competitors? Give examples of prices and costs, what margin is proposed. For products, include what it actually costs you to make that product (cost of goods). Use a table format if it helps. Create an “average price” for each category product.

### **Placement**

Business location is important to customer access. Parking, interior spaces, convenient access, etc. Is this location consistent with your target customer?

### **Development**

What facilities and improvements are needed? Are you leasing or do you own the property?

Check for zoning and building codes for regulations that might increase costs.

What furnishings, decorations, fixtures, are needed?

What is the time line to complete all work to open the business. ?

Attach plans, drawings, pictures or other materials to give the reader an idea as to what will be built.

Attach contractor/supplier quotes

## **Operations**

Discuss operations (are you manufacturing, distributing, retail, services) what are the critical operating needs?

What staffing is needed, types of positions and number of employees

Special Operating needs

## **Financials**

All businesses, whether start-up or growing, will be required to supply financial data including a cash flow budget projection for the next two years. Historical documents from the seller will be important, obtain last three years Income Statements, Balance Sheets and Federal Tax Returns and year to date Income Statement and Balance sheet.

### **Financial Assumptions to your Cash Flow Budget Projections**

Prepare a budget for the next 12 months based on the history of the business and changes you will make as the new owner, be conservative. You can always do better, but you want to show a realistic business scenario. Make sure your projections match your funding requests.

List your average sale and cost of goods for each product or category as covered in the pricing section.

### **Sales Assumption**

Provide statements that explain and support your sales forecasts and trends.

Provide statements that explain how you will control costs

**Your Personal Financial Picture**

Attach a Personal Financial Statement – (Use SBA’s form).

Obtain and review a copy of your credit report and credit score. Explain and errors or deficiencies.

What do you want to draw from the business each month?

What is your personal debt situation? Are you paying back any debt under your current personal income? .

Who runs the business if something happens to you?

**Expenses and Sources of Capital**

Estimate your expenses as best you can. Will there be improvements, decorations, replacing equipment? Include a separate “Contingencies” category equal to \_\_ % of all other total start-up expenses.

How much working capital does the business need to sustain itself during slow sales seasons?

List sources of savings and cash you will have to help finance your business.

**Use of Funds and Collateral**

List all those items from your budget plan that you will need funding for. Be specific as to the source, cost and quantity. Use a table format. Include any extensive inventory lists in the Appendix, if necessary.

List any collateral you will use to secure your loan. (eg. Car, house, equipment, etc.)

**Attach a Cash Flow, Income Statement and Balance Sheet**

**Business Plan Appendix**

These are some frequently requested items to include with your business plan:

- Personal list of liabilities and assets. ....
- Credit report .....
- Business license (Washington State, City) .....
- Quote from insurance company, or current insurance coverage.....
- Resume.....
- Any detailed inventory list as part of loan request. ....
- Letter from seller of loan items: car, equipment, etc. stating price, VIN, etc. ....
- Written bids or estimates on any major loan item, such as equipment.....
- Copies of leases or contracts. ....
- List of assets available as collateral for a loan.....
- Letters of support from future customers, strategic partners, etc. ....
- Marketing materials .....
- Maps and photos of location.....
- Product photos .....
- Other support materials needed