

Company

# Business Plan

[Type the document subtitle]

Your Name

Address Line 1

Address Line 2

City, ST ZIP Code

Telephone

Fax

E-Mail

## TABLE OF CONTENTS

[Executive Summary](#)

[Company and Industry](#)

[Products and Related Services](#)

[Market](#)

[Competition](#)

[Market Strategy](#)

[Ownership and Management](#)

[Administration](#)

[Milestones](#)

[Critical Risks](#)

[Financials](#)

[Appendices](#)

### **Tips:**

Don't start writing until you have worked through the other tools and actually **have** something to write

Read other people's plans

Make the plan attractive; look at samples

Know your target; it does make a difference in specific areas

- Bankers

- Angel Investors

- Venture Capitalists

- Competition Judge

Read and re-read

Avoid "fluff" and overly flattering language

Have evidence of good research

Be optimistic, but realistic

Have an advisory group that will review your plan at various stages, by section and in total

Be prepared to defend and constantly update your plan as conditions change

## **EXECUTIVE SUMMARY**

Vision - what does this company want to do over a long period of time ... broad enough to allow for the growth of your dreams but narrow enough to fit the talents and market credibly. Usually no more than one sentence, what is the dream and the vision when you really grow up.

Mission - a short "elevator" pitch that describes your company in a couple of sentences, i.e. what the company does with its business. Use this Template to start then refine your statement until it flows and tells your story effectively.

For (target customer or segment) who (have a compelling reason to buy – their problem) our product (is a {name of product category} ) that provides (satisfies the compelling reason to buy). Unlike (the alternatives), our business (\_\_\_\_ what's different about your business\_\_\_\_) and our product (uniquely offers...)

## **OVERVIEW**

What is your product/service?

How will you reach your market (business model/key revenue streams)?

When/how will the return on investment be realized (exit strategy)?

Business Goals and Objectives – what do you want your business to achieve (SMART - specific, measurable, achievable, realistic, and attached to a timetable) including market share, sales revenue and market leadership positioning.

Why is this an investment opportunity?

What are your accomplishments to date?

Objective: what are you doing here, what do you want?

## **PRODUCT/SERVICE**

What products/services will it offer?

Why are they unique?

What significant problem do they solve?

What major opportunity do they address?

## **MARKET**

Who is your customer?

How well do you know them?

What is their pain?

Who and what is the target market?

What percent of the available market will you obtain?

Who is the competition?

What are their strengths and weaknesses?

What is their market share?

## **MANAGEMENT**

Who is going to manage the business?

Why are they uniquely qualified to manage this business?

## **FUNDING REQUEST AND TIMES OF INVESTMENT**

How much money is needed to make this venture successful?

How much money is needed for product improvement?

How much money is needed for marketing?

How much money is needed for operations?

What kind of financing are you looking for? (debt, equity, etc.) Describe.

What are you offering in return? (ownership (how much), share of profits (projected earnings over 3 -5 years), other. Describe.

What is the payback period?

How much money has been invested to date?

## **MILESTONES AND TIME FRAMES**

What are the significant milestones and goals over the investment period?

What are the time frames for accomplishing the milestones and goals?

## **COMPANY AND INDUSTRY**

### **PURPOSE**

What is your company's purpose? What problem does it solve?

Who cares? Why?

What is your solution? How do you provide that solution?

Why is your company going to succeed?

### **BACKGROUND**

What and where was the company started?

What is the form of organization? Will it change? When?

Where is the business located?

How long have you been in business?

Did you obtain a patent or trademark for the company's name, and/or logo, product?

Why did you go into business?

How was this business venture developed?

What problems were encountered and how were they overcome?

What key milestones have been accomplished?

Who are the founders and other key people involved?

What do they bring to the business?

### **CURRENT STATUS / SITUATION ANALYSIS**

What is your market and what success have you had in penetrating your market?

How have you dealt with the competition?

What are your overall strengths and weaknesses?

How much money have you invested?

What has been the source of funding?

How has the money been used?

Is the investment secured? How?

What is your sales and service record?

#### **FUTURE PLANS**

What are your future goals and strategies for achieving them?

How is your company affected by major economic, social, technological, environmental, or regulatory trends?

#### **CURRENT STATE OF THE INDUSTRY**

What is the current state of the industry?

How big is it? Total sales? Profits? Margins?

Who are the major industry participants (competitors, suppliers, major customers, distributors, etc.)?

What will your relationship with and among them be? How will you establish those relationships?

What are the industry's chief characteristics?

#### **FUTURE STATE OF THE INDUSTRY**

Where is it expected to be in 5 years? 10 years?

Will your share increase or decrease with these changes?

Who else may get into the industry?

What are the most significant trends and impact factors?

What standards (i.e. regulations or requirements) have been put into place or are on the horizon?

What are the obstacles and opportunities for the industry?

#### **PRODUCTS AND SERVICES**

What are the most unique features or outstanding advantages of your product or service?

What is the product vision, the product road map for the company?

### **PRODUCT DESCRIPTION**

What is the current product offering?

How does the product achieve its purpose and serve as a necessary requirement for your customers?

What is the current stage of development and how has it changed since launch (or inception)?

What is its technological life? (State of the art, susceptibility to obsolescence, etc.)

How does this product compare to similar products of competitors?

Do you interface with important noncompetitive equipment/products whose manufacturer might be reluctant to support your product due to warranty, liability, or image consideration? What are your plans for mitigation?

### **SERVICES DESCRIPTION**

What are the related services you will provide?

How will they enhance and increase the profitability of the venture?

How are these services a (potential) revenue stream?

### **FACILITIES/LANDSCAPE DESCRIPTION**

How is the product produced? Describe capital, labor, materials, etc.

What aspects are subcontracted?

Does your survival or quality depend on someone else and if so how is that risk mitigated?

What are the regulatory or approval requirements from government or industry participants?

Is the product dependent on any natural, industry, or market life cycle? What cycle (introduction, growth, maturity, etc.)? Describe.

### **PROPRIETARY FEATURES**

Can your product or service be protected by patent, copyright, trademark, or service mark? What protection will be provided? Or rather, can your product or service be protected by establishing a firm trade secret?

How will you ensure customer loyalty or "stickiness"?

## **FUTURE DEVELOPMENT PLANS**

What new products (spin-offs) do you plan to develop to meet changing market needs, in this industry or others?

What is your production release schedule and why is that aligned with your market strategy?

## **PRODUCT LIABILITY**

What are the liabilities this product or service may pose? How are they mitigated?

## **MARKET**

### **CURRENT MARKET**

Who or what is your largest market?

What is the size of your target market?

Can this market be segmented (by geography, industry, other attributes)? How?

What is the profile of your targeted customers?

What are the major applications of your product or service?

For each major application, what are the requirements by customers?

What are the requirements of regulatory agencies?

What are the current ways of filling these requirements?

What are the buying habits of the customer? Sales process?

What will be the impact (economic or otherwise) on the customers who use your product or service?

How much will they save? ROI?

What changes does the customer need to make to fully avail themselves of your product? (Other purchases, process changes, etc.)

### **MARKET SHARE, TRENDS AND GROWTH POTENTIAL**

What share of the market do you hope to capture? Why is this viable?

What is the growth (historical and potential) of your market?

What are the market trends?

Is the market seasonal or otherwise cyclic (budget constraints)?

What are your market share objectives for the total available market?

What are your market share objectives for the service available market?

What are your market share objectives for the replacement market?

What are your rationale and costs of achieving different levels of penetration?

How will you maintain and increase your market share?

How will you satisfy current customer needs?

How will you attract new customers?

How will you offer something new, better, or unique?

How will the segments and applications of your market change over the next 3 – 5 years?

#### **SALES, DISTRIBUTION, AND PROFITS BY PRODUCT/SERVICE**

Describe how you distribute your product.

Are your sales expectations in line with the operating ability to produce/support it?

What does each product/service cost you to sell?

What does each product/service cost you to produce?

What have (will) your profits been (be) by product/service?

What are your current goals by number of units?

What is your sales volume in dollars?

#### **SERVICE AND WARRANTY POLICIES**

Explain how your pricing, service, and warranty policies are attractive and competitive in the marketplace?

## **COMPETITION**

### **COMPETITORS' PROFILES**

Who are your nearest and largest major competitors?

Is their business steady, increasing, or decreasing? Why?

How does your business compare to your competitors' (strengths and weaknesses of each, time in business, sales volume, employees, customers)?

What are the similarities/dissimilarities between your business and your competitors' business?

On what basis will you compete with them? (Describe) (Product, Price, Service, Technology, etc.)

In what aspect(s) is your business better? (What is your distinctive competence?) (Describe)

What have you learned by observing your competition?

### **PRODUCT/SERVICE COMPARISON**

What competition will you meet in each product/service line?

How does your product compare by feature function to similar products of the competition?

How does your product/service compare with the competition in the eyes of the customer?

### **FUTURE COMPETITORS**

What do you know about others like you who are not yet in the market?

If you have no competition, what kind (whom) might you create by being successful in the marketplace?

## **MARKET STRATEGY**

### **POSITIONING**

What is the sales appeal of your product/service?

What is special or unique about it?

### **PENETRATION GOALS & APPROACH**

How will you attract and maintain your market?

How will you expand it?

Over what period of time?

What are your marketing priorities among segments and applications? (You can't be all things to all people, regardless of the opportunity.)

### **PRICING AND PACKAGING**

What will your pricing strategy be? Which two areas will it implicitly address: price, quality or service?

Will your margins be high or low?

What will your discount policy be?

How may pricing change over time?

How may pricing change after recouping R&D costs?

What about possible pricing wars with competition?

What are the critical supply and demand factors?

How will your packaging and labeling enhance name identification and foster brand loyalty? (Why will a prospective customer want to buy your product just by seeing it?)

### **SALES AND DISTRIBUTION**

How will you identify prospective customers?

How will you reach the decision makers?

How will you decide whom to contact?

In what order?

What level of selling effort will you implement?

Why is this approach, the best approach?

How many salespeople? In-house staff or manufacturers' representatives?

What are your efficiency ratios and conversion rates?

How many calls are made per demonstration?

How many demonstrations per sale?

How long will the activities above take?

What will each customer's average order size be?

What kind of repeat orders can you expect?

What are the quotas and sales productivity of each salesperson?

What is the commission structure?

What is the sales cycle?

What are the milestones for meeting sales expectations?

What geographic areas will be covered?

#### **AFTER SALES SUPPORT**

What after sales activities need to occur?

What are the support response expectations of the customer?

What level of customer training is expected? How will this be handled?

#### **SERVICE AND WARRANTY POLICIES**

What will your credit and collection policies be?

What kind (and level) of service, warranties, and guarantees will you offer?

How will you promote these?

How may these affect profits?

#### **ADVERTISING, PUBLIC RELATIONS, AND PROMOTIONS**

What advertising/promotion media will you use?

How much direct mail, catalog and brochure distribution?

How many trade shows? Which ones?

Will web orders be taken?

## **OWNERSHIP AND MANAGEMENT**

### **MANAGEMENT**

Who are your key managers?

What is the personal history of each principal?

What does each principal bring to this venture?

What is the role and responsibilities of each principal?

- Title
- Responsibilities, duties, and/or overlapping functions
- What is the compensation package for each principal?
- Salary
- Profit sharing
- Bonuses and other fringe benefits
- Terms of employment

What is the primary objective of the current owners and managers? (Describe)

How do you intend to attract and compensate additional key people as the company grows?

Do any of your people have outstanding “non-compete” agreements with previous employers? With you?

Has the loss of a key member of your team been considered from a tax-planning standpoint, from a knowledge, information and learning curve perspective, and from a management succession point of view?

How much life insurance is being carried on key personnel in which the company is beneficiary?

### **BOARD OF DIRECTORS / ADVISORS**

Who is on the board of directors / advisors and why?

Inside representation? Outside?

Arrangements/Agreements?

Special contributions/capabilities (Why are they there?)

### **OWNERSHIP**

What is the ownership interest of each principal? Others?

What is the amount of stock currently authorized and issued?

Who are your current stockholders?

How many shares does each own?

What are the warrants, rights, options?

#### **PROFESSIONAL SUPPORT RESOURCES**

Attorney

Accountant

Banker

Tax specialist

Trade association

Consultants (marketing, management, systems, etc.)

#### **ADMINISTRATION**

##### **ADMINISTRATIVE PROCEDURES AND CONTROLS**

What processes are in place to ensure quality, customer input into product design, etc.?

What are your administrative policies, procedures, and controls for billings, payments, and accounts receivable?  
Bookkeeping setup?

What are your administrative policies, procedures, and controls for management reporting?

What are your administrative policies, procedures, and controls for training, travel, phone, supplies, car allowance, and other expenses?

##### **STAFFING AND TRAINING**

What is your current (or initially planned) personnel makeup?

Number of employees (growth over time)?

Skills and rationale for growth?

Seasonal/project related hiring and layoff factors?

What is your average or expected turnover?

What are your personnel needs short and longer term (number, skills, full-time, part-time, contracted)?

Are the people you will need (level of knowledge, qualifications) available in the marketplace, or will you have to train?

How will you attract and compensate employees? (Describe)

### **ORGANIZATION CHART**

Functional Chart with Proposed Hires

Chart by Name and Role

### **MANAGEMENT SYSTEMS / CONTROL AND HR**

How do your personnel know what to do (job description)?

Do they have the tools and resources to do the job asked?

How do your personnel know where they stand?

When are they supposed to do it (schedules, plans)?

How are they supposed to do it (processes, procedures)?

Expectations of management and prospects for advancement

### **MILESTONES**

#### **MAJOR MILESTONES (WHAT/WHY)**

What are the critical milestones and junctures that must be reached to make things happen for the company?

Why are these events critical and what happens if/when you do not reach these goals?

#### **SCHEDULE (WHEN/WHO)**

Do you have a timeline for critical events (new products, markets, etc.)?

What professionals/advisors have you retained, or will be needed, to keep you on schedule and help you reach your goals?

## **STRATEGIC PLANNING (HOW/WHERE)**

What strategic planning efforts have you completed for the venture?

What is your "plan to plan" or how will you know when you are ready for the next level of strategy? What specifically is the planning process?

## **CRITICAL RISKS**

### **SUMMARY OF MAJOR PROBLEMS OVERCOME**

What obstacles/challenges has the company overcome to date?

What are the lessons learned and how can this learning be transferred to future challenges?

### **INEVITABLE RISKS AND PROBLEMS**

What obstacles will most certainly face the company over the coming months or 1 - 2 years?

How will you be prepared to face and deal with these challenges?

### **POTENTIAL RISKS AND PROBLEMS**

What obstacles may you encounter over the coming months or years? What is the probability?

How will you be prepared to face and deal with these challenges?

## **WORST-CASE SCENARIOS**

## **FINANCIALS**

You will need to attach a copy of your financial projections in an Appendix, but the following "highlights" should be reflected in the body of the text.

### **FUNDING REQUEST/TERMS OF INVESTMENT**

How much money do you need? How will it be used?

What will be the effect on the business of an injection of new funds?

Will the money be required all at once or injected over a period of time?

Will these funds be raised from debt, equity, or both?

What collateral is being offered?

What is the history of funding for the company?

Who has been/will be approached for investment? Results? Committed?

What are the terms of investment?

What is the payback period? What is the potential return to investors?

How does this compare to what investors are earning from competitors and the industry in general?

### **CURRENT FINANCIAL STATEMENTS**

What is the measure of the venture's operation in terms of profit and loss?

Highlight revenues expenditures to date with some explanation.

### **ASSUMPTIONS**

Explain the assumptions behind the associated financials and rationalize why they make sense for the company at this time based on its direction.