

THE BUSINESS PLAN WORKSHEETS

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I. DESCRIPTION OF COMPANY

Name of Business: _____

The type of business you are in:

Date business was formed: _____

Legal form of ownership (circle one): Proprietorship Partnership Corporation Limited Liability

Reasons for choosing this form: _____

Date & place of incorporation, if a corporation: _____

Names of owners and key managers:

<i>Name</i>	<i>Position</i>
_____	_____
_____	_____

Purpose of your business: Mission statement – what do you want your business to accomplish, to be, to do? Give it some thought, making it as concise and to-the-point as possible. Then make this the underlying decision-making guide for your business from this point forward.

Highlights of progress to date (if an existing business)

II. DESCRIPTION OF MANAGEMENT AND OWNERSHIP

If your business is larger than yourself, you need experienced and dependable employees and managers to staff your business. Often, you need to compensate for some of your business deficiencies by hiring competent personnel in the areas in which you are lacking.

What is the organization of your business? What are the management positions? What are the duties of each position?

Include an organization chart if the size of your business warrants it.

Who will fill each position? What factors contributed to your decisions to hire each individual, i.e., what are their unique contributions to the business? Include a resume of each individual.

What is each individual's compensation, ownership, and percentage of Native American ownership of the business, if any?

Who are your professional advisors and what accomplishments have they contributed to your business? Include your lawyer, banker, accountant, insurance agent, advertising agency, etc.

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If your business is a corporation, who serves on your board of directors? What is the background of each? What do you believe each will be able to contribute to the success of your company (expertise, contacts, etc.)? Will any have an investment in the business?

III. DESCRIPTION OF MARKETING PLAN

Is there a sufficient market to establish your business? Yes No

What is the size of the total market? What number of potential customers do you have?

Where is the market moving? Is it growing? By how much per year? What are the reasons for its growth (or decline)?

Market Trends & Total Market

Year	_____	_____	_____	_____
Sales	_____	_____	_____	_____
% Growth	_____	_____	_____	_____

What are your target market(s) and why have you chosen them? You will need to pinpoint your potential customer base rather than trying to sell to everyone.

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Describe the characteristics of each target market, including the relevant items from the following: Geographic area; demographics (age, sex, income, education, etc.); buying characteristics, key buying decision issues.

Describe the market research you have undertaken. Describe in as much detail as possible the market research you have done and the conclusions to which it has led you. Describe additional research you need.

Informal research, step one: discussing ideas with friends, family, and acquaintances. Purpose: to "bounce off" ideas and obtain feedback as to the feasibility of your idea/product.

Informal research, step two: further, more detailed discussion with industry participants such as customers, vendors, any others who serve the industry, and, if possible, some members of the competition itself.

Formal research, step one: secondary materials. This is research that might already have been done. Library research and information from industry associations are the heart of this step.

Formal research, step two: this is research you set out to accomplish directly with the market you intend to serve. It consists of 1) determining the information you need – essentially, whether there is a market for your business/product, 2) designing a questionnaire to obtain this information, 3) approaching your market directly over the telephone, through the mail, or in person, and 4) compiling this data to determine the answers to your questions.

Pricing

What is your pricing strategy?

How does it compare with industry and competition? Why have you selected this pricing strategy? How will it: enable you to gain acceptance; maintain or increase your market share; produce profits?

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Promotion

What is your promotion strategy?

What is your *unique* selling proposition?

What media do you plan to utilize in carrying out this strategy and why are these media the best suited for your business or product?

Media	Why Effective for Your Business	How Often Used	First Year's Cost
_____ Newspaper	_____	_____	_____
_____ Radio	_____	_____	_____
_____ Television	_____	_____	_____
_____ Outdoor	_____	_____	_____
_____ Yellow Pages	_____	_____	_____
_____ Direct Mail	_____	_____	_____
_____ Specialty	_____	_____	_____
_____ Trade Show	_____	_____	_____
_____ Magazine	_____	_____	_____
_____ Catalog	_____	_____	_____
_____ Displays	_____	_____	_____
_____ Direct Sales	_____	_____	_____

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If a new business, do you have plans for a "grand opening"?

Do you have a public relations program planned?

Do you have promotional literature planned (such as brochures and catalogs)?

Identify major customers you have who are willing to make major purchase commitments.

Distribution

How do you plan to get your product or service to your customers? What wholesalers, sales representative, distributors, dealers, etc. do you plan to use? What geographic area will each cover?

IV. DESCRIPTION OF OPERATIONS

Location: Building

Describe in detail your business location and its adequacy for your business. Is it rented, leased, or purchased? Consider the costs involved (including rent or mortgage payments, taxes, maintenance, and utilities) and include them in the financial section.

How does your location fit your market? Your distribution channels?

Are there any zoning modifications, sign variances, parking arrangements, etc., that need to be obtained?

Equipment

(The more specific the information you include here, the better).

Item	Model	Serial #	Cost
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Manufacturing or Other Process

Describe your manufacturing process (or other processes and ways of doing business for a non-manufacturing business). Specify the raw materials and labor needed.

Describe your quality control.

Describe your inventory control.

Vendors

List your vendors.

Why have you selected certain ones? What are the alternatives?

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Employee Additions

Position	When Added:		
	Year 1	Year 2	Year 3

What are some of your major employee policies?

What are your plans for employee training and the costs associated with it?

How do you plan to motivate and keep employees?

V. FINANCIAL PLAN

It is impossible to assemble any meaningful financial plan until all the other sections of the plan have been formulated because the amount of money needed depends upon what the business wants to accomplish. Nevertheless, this is the key section for most readers. It is the last chapter, so to speak. It reveals all. It is the so-called "Bottom Line" of your venture. The financial section covers four key areas and includes a description of how to prepare related vital documents:

- Proposed use of funds
- Pro-Forma Financial Statements - Income Statement, Balance Sheet
- Assumptions for Financial Forecast
- Cash Flow Projections

Pro-Forma

Pro-Forma Financial Statements are necessary for the business owner to determine how successful the business will be during operation. Pro-Formas are often run based on three scenarios: 1) worst case, 2) expected, and 3) best case.

The Pro-Forma Income Statement is used to estimate the sales and expenses of the business. This will provide owners and lenders an estimate of profit and cash flow needed to operate the business in the first 5 years.

- The profit/loss statement will take your income minus expenses and equal either a profit or a loss. For the first year the projected profit/loss statement should be done on a monthly basis. Thereafter, the second and third year may be done on a quarterly basis.

The Pro-Forma Balance Sheet will indicate what the business expects to own and owe in the future. The balance sheet should be used as a model by the business after the business is opened or expanded.

- The balance sheet records the total assets, liabilities, and equity of a business on a specific day. The projected balance sheet is done every twelve months. If your company's business year end is December 31, then your pro-forma balance sheet reflects the assets, liabilities, and equity on that date. The projected balance sheet should reconcile with the projected profit/loss and cash flow statements. Included in this manual are forms to be used in the financial forecasting of your business. A rule of thumb when forecasting: "be as conservative and as realistic as possible." Remember, your business plan should provide you with all the supporting documentation when forecasting.

Financial Forecast Assumptions

Assumptions are a natural part of predicting the future, especially when it comes to financial and economic predictions. Projections are only as good as the assumptions on which they are based. The key is making valid assumptions. In the Pro Forma Budget Section, you researched all the different expense items: sales forecasts, inventory purchases, start-up costs, operating expenses, and capital equipment involved in business. The assumptions in the business plan explain how the budget figures were developed. Since the business plan is a projection of what is to happen, then the more factual the assumptions, the more valid the plan. Estimates are acceptable if based on reliable sources. Do not make up figures! Each assumption should be numbered. When the assumption is used in financial forecast, footnote it.

Cash Flow Projections

Much of the financial plan focuses on the development of the cash flow plan in which all of the money that comes into the business and goes out of it is contemplated. Only cash money is considered. Essentially, it is

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the flow of funds! The net result is an estimate of how much capital will be needed with which to undertake the venture and how much money will be generated by operations down the line.

Entrepreneurs need to develop a cash flow plan for a time period that is long enough to show the cash break-even point. This is the point at which you do not need additional capital, and, perhaps, the point at which investors will get their money back. Often the cash flow plan is detailed by months for the first two years and then by years thereafter. It is common practice to prepare financials for the first five years of operation. In some fast moving ventures, a weekly cash flow plan may be needed. Remember that all start-up costs should be reflected in the cash flow plan which begins from the venture's very first transaction.

Projected Balance Sheet

Year _____ to _____

Year			
ASSETS			
Current Assets			
Cash			
Accounts Receivable			
Inventory			
TOTAL CURRENT			
Fixed Assets			
Equipment			
Vehicles			
Buildings			
Land			
Accumulated Depreciation			
TOTAL FIXED			
TOTAL ASSETS			
LIABILITIES & OWNER'S EQUITY			
Current Liabilities			
Account Payable			
Notes Payable			
Payroll Tax Payable			
Income Tax Payable			
TOTAL CURRENT			
LONG-TERM LIABILITIES			
Notes Payable			
Mortgages Payable			
TOTAL LONG-TERM			
TOTAL LIABILITIES			
OWNER'S EQUITY			
Owner's Equity			
Owner Withdrawals			
Current Earnings			
TOTAL EQUITY			
TOTAL LIABILITY AND EQUITY			

VI. CRITICAL RISKS AND POTENTIAL PROBLEMS

What is the current profitability of the industry as a whole and of the major competitors in the industry?

What barriers are there to entry into the industry (for new businesses)?

What is the direction of technology within the industry and how are you able to keep up with and even advance it?

What are the prospects for the industry – where is it headed?

What are the effects of the following trends on your industry?

Economic – How is your business affected by the current economy and how might future changes affect it?

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Social – is your business or product accepted by general culture or by sub-cultures within it? What are trends that might affect it in the future?

Regulatory – Are there any new laws or public trends that will outlaw or curtail demand, or that will open new doors, for your business?

Technological – are there any new technologies that will enhance your business efforts? Or, are existing technologies becoming outdated?

Competitive Analysis

Who are your principle competitors?

Do you have at least some of the following information on each?

Sales

Growth

Profits

Market Share

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What are their strengths and weaknesses?

Strengths

Weaknesses

How can you overcome their strengths and capitalize on their weaknesses?

Description Of Product Or Service

Describe your product(s) or service(s) in detail. Specify what may make them different from those of competitors and how yours meet the needs of the market in which you compete. What will your product(s) or service(s) do for your customers? How do your product(s) or service(s) fit together in meeting your business goals and business mission? Are patents, copyrights, trademarks, etc. necessary?

How do you plan to make changes in your products or services in the future to meet market changes? Do you have plans for research and development?

What service and warranty policies do you plan to use? How will you handle problems?

VII. APPENDICES OR EXHIBITS

Additional Supporting Exhibits

- Personal financial statements
- Copies of personal and business tax returns
- Special items mentioned in your business plan. For example:
 - ◆ Catalog or brochures you have developed
 - ◆ Site plans for new buildings
 - ◆ Specifications for proposed new equipment
 - ◆ Resumes of owners and managers
 - ◆ Photographs of business
 - ◆ Market research report
 - ◆ And so on, as your particular situation dictates in order to assist the reader of your plan to better understand your business.