SLVDRG Business Plan Development Guidelines

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Sample Table of Contents:

Executive Summary:

This is the introduction to your business plan. Most people that read your business plan, including potential investors, will only read the executive summary and your financial projections. Think of it like a cover letter for a job or the preface of a book, it should make the reader want to keep reading. It should encompass all of the important parts of your business, especially those that make it unique. The executive summary is a snapshot of the entire plan. An executive summary can stand on its own and, because it encompasses all parts of the business plan, should be written last.

I. Description of the Business

Prove how well you know your business using as many facts and numbers as possible. This section proves that there is a real need for the business at hand and that all aspects of the business have already been researched and analyzed. Leave nothing out and provide as much research to support your claims as possible. Passion is great, but numbers don't lie. A good business plan will have an incredibly detailed business description so the reader can get a clear idea of the prospective business. Below you detail 7 parts of a business plan: Company Analysis, Target Market and Consumer, Competitive Analysis, Marketing Strategy, Facility and Location Analysis, Management and Personnel and Exit Strategy.

a. Company Analysis and Services

This section describes the nature of the product or service the prospective business wants to offer consumers. Focus on the product and/or service and what unique characteristics it has. Use as many facts and figures as possible to make the product or service stand out but do not puff-up any facts. This section is where the reader will develop an understanding of the offerings of the business. This is also the section where the entrepreneur puts information on what type of business they started (LLC, C-Corp, S-Corp, etc…). The appendix is where any legal documents and attorney information will be located.

b. Market and Target Customer Analysis

This is the section where you discover and establish the ideal market and target consumer for the product or service. It is an essential part of early business development and targeting the correct type of consumer within its respected industry will help guarantee a successful startup and launch. Finding a target market and consumer is a very precise task and requires a great deal of research into the product. Market segmentations and research must be conducted and can be a lengthy yet powerful exercise and a process that should be done regularly to check for changes in the market.

c. Competitive Analysis

Competition is a cornerstone of our economic system and in order to be a successful startup, an entrepreneur must recognize and measure the competition coming from within (and out) the industry. Besides simply identifying where competition comes from, you must also discover what sets your product apart from anything that may be similar, which is known as the competitive advantage. When examining your competitors, it is important to identify their strengths and weaknesses, being as objective as possible. From there, you can locate and carve a niche for your startup within an already established industry by focusing on what sets it apart from the rest.

d. Marketing Strategy

This is the section where you highlight the four 'P's of marketing known as the marketing-mix: Product, Price, Place and Promotion. Now that the target market and consumer has been identified, the marketing-mix helps to effectively reach out to this customer base to inform them that your product/service is available. An effective marketing strategy will have a wide range of media types designed to reach the target consumer. Every target consumer discovers new products in different ways, whether it is social media or a billboard on I-25, you are all effected by marketing.

e. Facility Location and Operations

As the name suggests, this is the section of the business plan where you are going to highlight and detail the operating facilities and daily operations of the prospective business. People reading your business plan are going to want to know: where you are located, why you are located there, how big the facility is, where your competitors are in relation to you and more based on the type of business you are forming. Retail stores are concerned with a high volume of foot traffic, whereas manufacturers are focused on property taxes, payroll taxes and access to distribution channels.

f. Management and Personnel

Management is very important to successfully launching a startup and sustaining. Your staff are responsible for making sure your business runs effectively and responsibly. People reading your business plan are going to want to know who is going to be running the company. Make sure to put all resumes and special achievements in the appendix to this section in order to provide support documentation. You should try try to estimate the number of employees to begin with as youll as try to determine how many more will be needed as the business grows. List all positions and what each positions role in the company may be and the prospective salary range for said positions.

g. Exit Strategy

Any potential investor and reader of your business plan are going to want to know how the business plans on exiting the market. This might be selling off all rights to the business/patent after reaching a set milestone or discontinuing the production of a particular product. There are many, many different options in today's ever-changing world.

II. Financial Analysis Section

The Financial Section of the business plan is the core of the plan. It is where loan officers and investors will look first when examining a business plan. You must prove, beyond a reasonable doubt, that the business you are starting will be profitable and sustainable. In order to do this successfully, you must generate three of the four main financial statements before you ever earn a dime. This process is full of estimates but they should not be totally random. The numbers need to be realistic and compiled in a sensible arrangement so that they are easily interpreted by any financial manager. The most important pieces are how much, and from what sources, revenue is generated as well as what the most prominent expenses will be for continued operation.

a. Pro Forma Income Statement

An income statement is a document that records the revenues and expenses of a company for a period of time, typically monthly, quarterly and annually. It shows the net income before taxes and interest as well as after taxes and interest. A 'pro forma' income statement simply means you must estimate some of the figures due to the fact that the business has not begun operations, thus, has not collected any revenue so real data is unavailable. Although some of the figures will be estimated, they are not simply random guesses. The estimates you put in the income statement should be highly researched and debated by the team putting the business plan together. The main number that is estimated in this section is the total revenue. There is no way to measure exactly how many units will be sold or services rendered but it is an essential figure that generates almost every other number in the income statement.

b. Pro Forma Cash Flow

A cash flow statement is a document that records where the money from the company is being spent over a set period of time. There are three subsections in every cash flow statement: cash from operating activities, cash from investing activities, and cash flow from financial activities. Operating activities involve all day-to-day activities of the business. Daily revenue and the like. It is important to show positive cash from operating activities. Investing activities refer to the sale or acquisition of long-lived assets such as property, plants and equipment. Items that will be used for more than one year, typically. Cash from financing acitivites included any cash received or disbursed in relation to notes and interest. This is a 'pro forma' statement so some of the activities will have to be estimated. Things like potential growth and expansion must be discussed and realistically estimated to be placed into the cash flow statement. You need to paint a picture of where the money is going to be spent over the next couple years.

c. Balance Sheet

The balance sheet is a document that records all of the assets, liabilities and stockholders' equity of a given company at a point in time. Unlike the other two statements, the balance sheet is recorded at a point in time as opposed to over a period of time. The total number of assets of a company is equal to the sum of all the liabilities and stockholder's equity. In the accounting field they keep track of the balance sheet, and other financial statements, using the 'accounting equation' which is: Assets = Liabilities + Stockholders Equity. So a balance sheet has three main sections: assets, liabilities and stockholders' equity. In essence, you are trying to depict what tangible or intangible resources are available and how that was acquired, whether it be with cash (equity) or financed (liability).

III. Appendix

The appendices of any business plan should be thought of like a work cited page of a proper article with the biggest difference being that you actually provide all of the documents, not just the citations. Provide all of the documentation that were referred to in the business plan. Leave nothing out so that nothing is left in question. Numbers and facts speak the loudest so let them stand alone in this section. Provide all original and secondary research as well as pictures, prototype information and anything that adds more credibility to the business.