

BUSINESS PLAN NOTES

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These notes should be used in association with another document entitled **Business Plans**. The notes you record here will be the database from which you can write your business plan. The notes are organized around nine (9) topics:

1. **Description of Business**
2. **Qualifications of Owner**
3. **Vision/Mission, Goals/Objectives**
4. **Concept and Strategy**
5. **Market Analysis**
6. **Management and Operations Assessment**
7. **Financial Management**
8. **Financing Plan**
9. **Implementation Plans**

The intent of this format is to provide a guide for logically analyzing the potential of, and planning for the success of your business. You may choose to expand upon these topics, but it is suggested that you do not eliminate any. By working your way through the questions subsequently posed, you will have the basis from which you can write your business plan.

You can either complete your business plan on your own, using the notes created as you work through the questions posed herein, or have a consultant assist you with the process.

The **Business Plans** document, given to you along with these notes, presents a suggested business plan format. Further, if you are applying for a business loan, additional information requirements are noted therein. These items are under the loan package discussion at the end of the **Business Plans** document.

1. Description of the Business:

This topic will be part of the Executive Summary in your business plan report. It is presented here, however, so that you will record the necessary information.

Name of the Business:

Location (city/state):

Owner(s): _____

Legal Structure (Sole Proprietorship, Partnership, LLC, Corporation, Non-Profit Corporation, Other (identify _____

When did (will) you start doing business? _____

Describe the products and/or services you will offer:

2. Qualifications of Owner(s)

What are the qualifications you (and your partners if appropriate) have that will insure business success?

3.Vision/Mission, Goals/Objectives

While technically vision and mission mean different things, as does goals and objectives, for purposes of this part of your business plan use the two (2) sets of words to have similar meanings to one another; that is, use vision and mission interchangeably, and use goals and objectives interchangeably. Your vision/mission is what you plan to achieve through your business, and the goals/objectives are the steps that you will need to take to see the vision/mission accomplished.

Some people have these clearly developed, and others are pretty unsure about these items. They are important, so you need to begin to develop them. Do the best you can at the outset, then, continue to revisit this topic during your plan preparation process.

Describe the vision/mission of your business:

Identify the goals/objectives that will need to be reached over the first five (5) years of your operation to enable the vision/mission to be accomplished:

Now, sequence the goals/objectives, and put them in a time frame:

4. Concept (Niche) and Strategies

Successful businesses are created around a concept (niche), and move forward through strategies that are intended to increase the chances of success. Business concepts need to be constructed with the end user in mind, whether a product or service is being offered. Further, one needs to know what existing and potential competitors are doing to meet the anticipated end users needs; then, strategies (3-4) developed to make your business different (in the end users eyes) from your competitors.

It is around this concept (niche), and the strategies employed to develop it that you create brand awareness.

Describe your business concept (niche), and indicate why you believe there is a need:

Identify your primary competitors, and indicate your perceptions of their strengths and weaknesses:

Describe the strategies (3-4) you will employ to set you apart from your competitors_____

If possible, determine the current size of your target market(s), and project growth annually over the next two (2) years:

Target Market	Year One	Year Two

Describe the marketing program you plan to implement, and estimate the monthly/annual cost.

Now, given the size of your target markets, and considering your marketing plans, estimate sales annually for the first two (2) years of business. You can use several different methods to do this, depending on the information available. Some of your options are market capture rate, sales per square foot, sales to asset ratio, and/or case studies of similar businesses.

Gross Sales (by category)	Year One	Year Two

What method(s) did you use to develop these sales projections?

Describe the source and amount of your equity investment: _____

Describe the collateral you plan to pledge for any loans you may secure: _____

Describe your plans for personal compensation from the business. This should be reflected in the operating budget, income statements and/or cash flow analysis. Where your personal compensation is shown will depend on the business ownership structure:

9. Implementation Plans

This is the final step of the business plan note preparation process. It is here that you will need to determine the steps (or tasks) that need to be taken to proceed from where you are now to the successful launching of your business or expansion. Once the steps have been identified, then they need to be placed in a time sequence, and where possible, a person or group identified who will be responsible for seeing that the step gets completed.

Determine the key actions that need to be taken to progress from where you are now to successful launching of your business: _____

Put these actions in a plan format, indicating:

- ◆ What needs to be done
- ◆ In what sequence.
- ◆ By whom and when

You are now ready to write your business plan. You need to get it done in less than 20 pages, including tables. Stick with your writing style. Length and eloquence is not the key; rather, soundness of your reasoning and believable conclusions rule! The key part of your plan will be the **Executive Summary**, which is what most people other than yourself will read.

If your plan is for investors, the financing part of the plan needs to deal with risk and reward; investment and return on investment (ROI). Contrarily, if your plan is a required part of a loan package you need to convince the lender that your sound business idea has the potential to cover debt service by at least 1.2:1.0. Here's how that works:

- ◆ Determine amount of loan required.
- ◆ Assume terms for loan; i.e., annual interest rate, term, amortization schedule.
- ◆ Determine monthly/annual loan payment amount (debt service)
- ◆ Project EBITDA (Earnings before interest, taxes, depreciation, and amortization).
- ◆ EBITDA needs to be at least 1.2 times greater than debt service.